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# U.S. POLICY TOWARD SOUTH AFRICA

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## HEARINGS

BEFORE THE

SUBCOMMITTEES ON
INTERNATIONAL ECONOMIC POLICY AND TRADE
ON
AFRICA
AND ON
INTERNATIONAL ORGANIZATIONS
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
NINETY-SIXTH CONGRESS
SECOND SESSION

APRIL 30; MAY 6, 8, 13, 15, 20, 22; AND JUNE 10, 1980

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[1] Resigned June 8, 1980.

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# U.S. POLICY TOWARD SOUTH AFRICA

WEDNESDAY, APRIL 30, 1980

House of Representatives,
Committee on Foreign Affairs,
Subcommittee on Africa,
*Washington, D.C.*

The subcommittee met at 10:15 a.m. in room 2200, Rayburn House Office Building, Hon. Stephen J. Solarz (chairman of the subcommittee) presiding.

Mr. Solarz. The meeting of the subcommittee is called to order. In the interest of time, inasmuch as we have the budget resolution under consideration on the floor of the House today, I thought it might be appropriate to proceed at this point. I understand that several other members of the subcommittee will be here shortly. Rather than waiting for them to arrive, it seems to me best to commence the hearing forthwith.

Today, the House Subcommittee on Africa begins a series of hearings on U.S. policy toward South Africa. Our deliberations represent the first time in 2 years that any branch of Congress has taken a systematic look at our relations with and our policy toward that nation.

The continued existence of the apartheid system with its exclusion of the black majority from political participation in South Africa constitutes an explosive reality inside South Africa as well as a profound political and moral challenge for our own country. How we respond to that challenge will help to determine not only the future course of events in South Africa, but also our relations with other African and Third World nations. Certainly the United States, whatever it may do, cannot ignore the extremely deep and justifiable feelings which many nations hold against South Africa's apartheid system.

While the Soviet invasion of Afghanistan, the hostage situation in Iran, and other international events have captured center stage in the American political arena, neither the Congress nor the executive branch can afford to neglect or slight the issues posed by the continued existence of a racist system of government in South Africa.

Over the course of the next month, our hearings will focus upon critical aspects of America's relationship with South Africa. We will examine closely some of the recent political reforms initiated by Pretoria, with an eye toward discerning whether these changes have been substantive or are merely cosmetic. We will analyze South Africa's homelands policy and discuss whether this policy, in its present form or as it may be significantly modified, holds any meaningful hope for peaceful change in South Africa, and whether it constitutes a potentially viable future political dispensation for that nation.

We will also look into the human rights situation in South Africa and study the links between South Africa's legal system and its rigid system of white political control.

We will, furthermore, examine the Sullivan Code and related issues of U.S. corporate investment, weighing whatever benefits American companies bring to South Africa against the aid our sizable and strategically significant corporate presence provides to the maintenance of apartheid.

This series of hearings will conclude with one or two sessions in which we will be analyzing various policy options for the United States with respect to South Africa. In that context we will consider whether our Government should encourage, ban, or maintain neutrality on new or existing American investment in South Africa. We will also consider what other changes might be appropriate in our South African policy.

To help provide the background for our deliberation on these issues, we will begin this series of hearings with testimony from two distinguished administration witnesses, Hon. Richard Moose, Assistant Secretary of State for African Affairs, and Hon. Franklin Kramer, Deputy Assistant Secretary of Defense.

Before turning to our witnesses to begin the hearings, however, I would like to interject a personal note about an individual to whom I was very close, and whom we had planned to invite to these hearings, a man who over the past two decades had raised an eloquent and often lonely voice on behalf of racial justice in southern Africa. I refer to Allard Lowenstein.

Last year, Al made a notable contribution to the bipartisan House coalition which helped to maintain sanctions against Rhodesia and which contributed, I think, in a significant way toward the achievement of a peaceful transition to an internationally acceptable form of majority rule in that country.

This year, had he not been cut down in cold blood, he would have addressed our subcommittee on the problem of political change in South Africa, a subject he had taken to heart during years of writing, teaching, and traveling throughout that part of the world. But on March 21, Al Lowenstein's life was ended by an assassin's bullet.

Like his mentor and friend, Eleanor Roosevelt, Al Lowenstein would rather have lighted a candle than cursed the darkness. Even as his death diminishes our Nation, his life reminds us of the work left to be done in meeting America's promise. Al Lowenstein knew that the question of white supremacy in South Africa is one of the outstanding moral issues confronting the world today. In addressing that question, in carrying on Al Lowenstein's work, I believe the Congress can shape a policy, hopefully in cooperation with the administration, which stands as an example to other nations, and which demonstrates to the 30 million nonwhite and white South Africans our own country's unswerving commitment to individual dignity and freedom.

**Mrs. Fenwick.** Mr. Chairman?

**Mr. Solarz.** Yes, Mrs. Fenwick.

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Mrs. **Fenwick.** I wonder if I might be indulged. I, too, would like to say a word about Al Lowenstein whom I came to know only in these last years since I have been in Congress. He was an invaluable human being because, above all, and most conspicuously, he never deceived anybody. He never said anything except what he truly believed to be true. Whether or not a fact accorded with his heart, if it was true, he would tell you. Nobody can replace that tremendous honesty and devotion and parity of purpose.

I think there are two people I have met in my life that have more impressed me as truthtellers than Al Lowenstein. He cared, but he cared about the truth most of all, and I think that is what makes him a terrible loss to those of us who struggle here trying to find out where the public good lies.

Thank you, Mr. Chairman.

Mr. **Solarz.** Thank you, Mrs. Fenwick.

Secretary Moose, if you want to, proceed.

## STATEMENT OF HON. RICHARD MOOSE, ASSISTANT SECRETARY FOR AFRICAN AFFAIRS, DEPARTMENT OF STATE

Mr. **Moose.** Yes, I will. Thank you, Mr. Chairman. I cannot resist adding my own word about Allard. I suppose I, like a lot of other people, on occasion received more advice from Allard than I thought I needed, but I always listened to him. One of the things that I most admired, found most valuable, and which is appropriate to the committee's proceedings today, was Allard Lowenstein on the subject of South Africa.

I could never figure out how Allard Lowenstein, having the same set of views and feelings that I had, could go to South Africa and be listened to, and I think appreciated in the way that he was there—and how my own modest appearance could meet with so much more skepticism, to put it mildly.

So, I read over a lot of things that Allard had written about it, and I talked to him about it, and I understand now a little bit better. As Mrs. Fenwick said, he cared. He cared about everybody, and he cared about telling the truth. That was very important. So, I appreciate the opportunity to add my own notes to what the two of you have said.

I am very pleased to appear here this morning to start off this very important proceeding. It has never been more apparent that it is very necessary for our two branches of Government to work very closely together. I think there is no area of Africa policy where that is truer than on the question of South Africa and how our Nation should relate to the problems there.

So, we welcome this set of hearings, we intend to follow it closely. We look forward to your contributions to the policy process and to working with you in a coordinate way as, I am happy to say, we have so often with this committee in the past.

It is a fact of history and geography that how the South African Government conducts itself in coming months and years will, to an unknown but an important degree, affect the destiny of the whole southern tier of the continent. The South African Government has a choice—or a series of choices—either to follow the difficult and courageous course of seeking cooperation with the forces of change, both internally and within the region, or to face the prospect of being surrounded by increasing conflict, disintegration, and violence.

How South Africa moves along its chosen path will bear directly on our own interests, which are quite briefly and in summary, to preserve our national consensus on foreign policy goals relating to human rights and human dignity.

Assuring long-term access to strategic minerals in South Africa and surrounding countries for both our own and our allies' economies and defense.

Foreclosing opportunities for expanded Soviet influence that come with protracted violent conflict.

We simply cannot pursue these interests selectively. Without political change, our humanitarian objectives cannot be fulfilled, the risk of violent conflicts grows, and the minerals will not move, and the possibilities for Soviet meddling will increase. One can either read that list forward or backward, or being in the middle and can go either way, but one simply cannot be selective about the pursuit and the protection of these interests.

As those who have visited it know, South Africa is a magnificent country, endowed with gifted people of all races and unmatched mineral wealth. South Africa's technologically advanced economy is unusually self-sufficient. It has a modern transportation, industrial, and communications sector and strong, well-trained armed forces ready for any conventional threat. In terms of wealth and power it dwarfs other African countries.

One group controls this country. It is skilled, generally cohesive, and white. Among whites, the Afrikaners hold a virtual monopoly of political power. They staff and dominate, indeed, a bureaucracy that rules 85 percent of the people who are not white. In this land of wealth and promise, the distribution of status, opportunity, and benefits reflects this concentration of political power.

The African colored and Asian South Africans who live in concentrations of urban deprivation and expanses of rural poverty are increasingly an integral, but not an integrated, part of the society and economy. They depend on modern industry and agriculture for jobs. The mines and factories need their labor. Their contributions to South Africa are essential, but still they are denied equal access to housing, education, and social services. They are subject to mass deportations. They are involuntarily stripped of their citizenship, and the constitution, backed by stern laws, gives them inferior political status. Nevertheless, their numbers alone insure that their desire for change will be equally critical in determining South Africa's future.

We have no doubt that eventually all South Africans must and will share fully in their country—socially, economically, culturally, and politically. Whatever we believe, however, is probably much less important than the doubts which white South Africans themselves express about apartheid's future. Although they retain confidence in their culture and values, the politically knowledgeable element of the white population is experiencing a rising level of anxiety about the future. With increasing frequency and often with more clarity than that of outside observers, Afrikaners themselves are analyzing their problems and prescribing solutions.

For example, in Die Beeld, recently, a leading Afrikaans newspaper, it was put this way:

> For the umpteenth time, we must say: South Africa's whites must face the unpleasant fact that ours is a beseiged land and that it will become even more so unless we work out a political dispensation with blacks who are ready to talk, but who are going to make great demands in any negotiations. We will have to relinquish policy directions which are unacceptable to blacks. Laws on racial relations, the question of "Bantu" education, the consequences of the homelands, the question of passes and influx in citizenship will all have to be scrutinised closely.
>
> Whites will have to realise those interlocutors around the table cannot be only homeland leaders. Place will have to be made for the Motlanas and the Thozamile Bothas of the Labor fame from Port Elizabeth. They are not just agitators and instigators per se. They are fighting for their rights just as heroic Africaners once fought and struggled for our rights against foreign and unsympathetic governments and administrations. Bannings and detention cannot in the long run further our great political solution, they can only retard it.

Let me say, Mr. Chairman, it is simply impossible to improve on that description of the situation in South Africa, than that of this leading Afrikaans newspaper.

The mood among blacks encompasses both hope and frustration. Depending on personal circumstances forced upon them by apartheid, an urban laborer, a student, a rural teacher, an unemployed farmworker or homeland leader might differ on tactics, but they also share common views; they dismiss present changes as inadequate. They hope for a moderate, open society not stratified on racial lines. They want equality before the law and full participation in all aspects of one South Africa. Despite, or perhaps because of, repression, blacks daily become more politicized.

The divergent thinking of black and white South Africans about their situations is mirrored in their differing reactions to external events. For instance, South Africans see different lessons in the events in Zimbabwe. Some whites concluded from Robert Mugabe's election that any change is dangerous and uncontrollable, and that the status quo must be maintained at all costs. Others, however, have concluded that constructive, negotiated change is possible—and the sooner it begins, the more moderate and cooperative it is likely to be. Blacks claim that the lesson to be learned is that political change must be a fundamental part of any reform.

By several criteria white South Africans should at this moment in history be at the height of their confidence:

Gold price rises have brought an unparalleled bonanza, transforming an economy once dependent on external financing into an exporter of capital.

Low reliance on petroleum for energy and technological leadership in conversion of coal to oil enabled South Africa to weather the loss of petroleum supplies from its major source, Iran.

South Africa has beaten the U.N. arms embargo by building the world's 10th largest arms industry and other governments, rightly or wrongly, believe that South Africa has nuclear weapons.

Events in Iran are seen as justification by white South Africans—Iran and Afghanistan—for their view that the West needs to cooperate with South Africa on its own terms.

Finally, the apparent trend toward conservatism in the West also reinforces the Afrikaaner world view.

Thus, this is the moment when the South African Government should have the confidence to strengthen its resolve and to embark on a process of reform. Other countries, including the United States, are ready to recognize such an effort—an effort made in good faith, as indeed, of course, are many South Africans.

Neither South Africans nor Americans, however, find it easy to agree on how the United States should relate to South Africa. In approaching this relationship, several questions pose a dilemma for U.S. policy, for example:

How can we combine a clear stand on principle with practical approaches to encourage change?

How can we maintain credibility with all parties in a segregated society?

How can we communicate approval of individual steps while still calling for other steps as yet untaken?

In attempting to judge the significance of current developments in South Africa, we realize that there are no easy tests to apply, no individual reforms that alone will guarantee a broad process of change. But the following ideas are central to our thinking:

Even now, a process of peaceful change is still possible, if only because of the extra margin provided by South Africa's human and economic resources.

Change is a process, not a solution. A continuing refusal to seek peaceful change, however, only makes more likely an eventual tragedy.

Although we are ready to recognize substantive individual changes as they occur, the process itself must be comprehensive, eventually including an end to racial discrimination; equal social services for all South Africans; freedom for blacks to participate in all sectors of the economy, and essential steps toward reforms to bring all South Africans into full participation in the political life of the nation.

White South Africans must recognize that the process of change must go beyond reforming apartheid. Simply "refining" the status quo will not receive the approbation of the United States, nor will it be accepted by the world community or the overwhelming majority of South Africans.

Just as we may find it hard to understand South Africa, so South Africans often find it easy to misunderstand our own position. Even those who promote the most positive view of the actions of the South African Government must recognize that it is contrary to the nature of this society to have any sympathy for actions such as:

Depriving church leaders like Bishop Tutu of their passports;

Forcibly deporting whole, living communities, such as the Batlokwa, to strange, uninhabited areas of the country;

Banning effective spokesmen, such as David Russell, for opposite points of view;

Suppressing legitimate, constructive black leaders such as Thozamile Botha of Port Elizabeth, who are attempting to improve the lot of their own people;

Perpetuating inferior education and housing for blacks by being stingy with government expenditures at a time when the coffers are full; and

Using the judicial process to prevent legitimate political activity.

In conclusion, I would like to make several points about U.S. policy toward South Africa.

First, no administration will be able to permit itself to follow the policy of neglect that characterized our actions 10 years ago, or 4 years ago. Such a retreat will be prevented by a growing awareness in this country of what apartheid represents. I can assure you that this administration will never retreat from the commitment that Vice President Mondale made 3 years ago to the pursuit of change in southern Africa.

Second, the main thrust of our policy must continue to encourage peaceful—but rapid—change. One of the assets here is the openness of our own society and the relevance of our values and experience. We do have a unique opportunity—indeed obligation—to speak to all South Africans and to help them see the possibilities for a different future. U.S. ICA programs, by providing for a dialog and exchange of persons between our countries, can make a substantial contribution to the ways South Africans view themselves.

In his work with U.S. corporations, Rev. Leon Sullivan has shown a way in which American corporations can have an impact on South African society. Other opportunities may lie in expanding through private institutions educational exchange programs and relating in new ways to South Africa's rural population.

Third—and this is sometimes difficult for Americans to accept—our ability to influence events is limited. The future of South Africa will be determined by its own people, as it should be. We cannot afford to let our desire to help obscure other facts—that the South African economy is unusually self-sufficient; that dependencies between Western economies and South Africa's are mutual; and that no amount of political action from overseas can overshadow the solution to be worked out by South Africa's own people.

Over the next few years the greatest external influence on political change in South Africa may well be the developments in Zimbabwe and Namibia, and it is essential that we continue to make our own full contribution to the independent nation of Zimbabwe and to the negotiations for elections and independence in Namibia. It is deeply in our interest to demonstrate that in South Africa, as in Zimbabwe, the West will support peaceful change which protects the rights of all individuals.

Finally, despite the difficulties that lie ahead, it is crucial that we and other Western countries work together to play our part in encouraging South Africa to avoid the tragedy of self-destruction. And it is crucial that we demonstrate to the South African black majority that they have Western support for their aspirations for equal rights and full political participation. Somewhere between self-righteous or indifferent abstention and hubristic intervention, the United States has a role that it can, must, and shall play. Thank you.

Mr. SOLARZ. Thank you very much, Mr. Secretary.

Mr. Kramer, do you want to give your testimony now?

## STATEMENT OF FRANKLIN D. KRAMER, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS

Mr. KRAMER. Thank you, Mr. Chairman.

The Department of Defense has only a limited interest in South Africa at this time. To be sure, as we all recognize, South Africa is in a geographically strategic position. Important air and sea shipping routes cross or surround it. It overlooks the relatively narrow sealanes at the confluence of the Atlantic and Indian Oceans. Our estimation, however, is that so long as the Soviets do not obtain control of South Africa, we can assure the free flow of shipping through these lanes.

Likewise, South Africa is an important supplier of numerous minerals. For now, however, the flow of metals does not appear to be threatened, and for the most part sources are available elsewhere.

Our interest in South Africa, therefore, is largely derivative from other U.S. policy interests. Most specifically, South Africa's policy of apartheid puts it at odds with us and other countries in the region. Moreover, South Africa has been militarily active in southern Africa in ways that attempt to support its racist policy.

Our limited interest in South Africa is reflected by the limited defense contacts that we have with it. Our defense activities are confined to an exchange of military attachés in Washington and Pretoria, and a U.S. Air Force missile and satellite tracking station—now in caretaker status—in Pretoria.

At the present time, both the U.S. Defense Attaché Office and the South African Defense Attaché Office are operating at reduced levels. There is only one South African officer presently accredited to the United States. The manning of the U.S. DAO in Pretoria is two officers, four enlisted, and one civilian clerk. The U.S. officers are an Army colonel and a Navy lieutenant commander. Our attachés in South Africa are also accredited to Botswana, Lesotho, and Swaziland, and so carry out their representational and reporting functions in these countries as well.

Despite the limited direct relationship, we have a good understanding of the South African military. The South African defense force consists of approximately 72,000 personnel, which make up the army, the navy, the air force, and several smaller units. I might mention here that the South African Army, its military as a whole, is not a racially integrated force. It does, however, have a nonwhite population of about 8 percent in several units, as the white population has been unable to meet the growing manpower requirements. We would expect this number to increase in the future.

South African forces are well equipped and well trained. The army possesses a variety of artillery—air defense and armor—including 250 tanks. The air force possesses about 160 jet fighters, 5 bombers, 60 transports, and 25 maritime aircraft. The navy is comparatively the weakest of the forces, but still the strongest in sub-Saharan Africa. It maintains two submarines, two frigates, eight maritime patrol craft, and four minesweepers.

As this review of the navy shows, South Africa does not have much capability to defend the sealines of communication around the Horn, and in recent years the navy has limited itself to a coastal defense role.

On the other hand, the army and air force do possess a significant conventional and counterguerrilla capability.

The army is superior in overall combat capability to any army in sub-Saharan Africa. It is capable of defending the country against any probable aggressor, including any group of black African states. It is capable of conducting counterinsurgency and conventional operations in the republic and, to a lesser degree, in neighboring states. A coordinated attack along the country's northern borders would strain the army's capabilities, but would not destroy its ability to successfully resist.

The air force is by far the most powerful air force in Africa south of the Sahara, and could easily defeat any likely aggressor. It is capable of providing air support, both tactical and logistical, to the country's internal security forces. The force would also be effective in a defensive role, including air defense intercept and maritime sorties. The air force is also capable of short-duration offensive operations in nearby countries and could be employed successfully in a counterinsurgency role.

The South African Defense Force as a whole is organized to provide support for the police efforts in combating terrorism and insurgency. The reserves have been enlarged, trained, and organized to provide various levels of home defense as well as operational support for army counterinsurgency efforts. Unconventional warfare techniques have been introduced into war games, and civil defense coordination with the South African Defense Force has also been emphasized over the years as an adjunct to counterinsurgency actions.

In formal terms, the role of the South African Defense Force is to protect South Africa proper. They have been playing that role. Its forces have engaged in activities in Namibia and Zimbabwe. In the latter case, South Africa is believed to have provided military support to the white-ruled Rhodesian Government during its conflict with the Patriotic Front and, as you are probably aware, the South Africans also provided a small security force to protect the bridge at Beitbridge, located in Rhodesia near the border with South Africa, during the recent elections.

In Namibia, the South African Defense Force is present to counter the guerrilla activities of the South-West African Peoples Organization. Counterinsurgency efforts are focused on the northern region, especially in Ovamboland and to a lesser extent, I believe, in Kavangoland and the Caprivi Strip. Military training and development of indigenous Namibians is also being conducted.

With the employment of nonwhite manpower in the South African Defense Force gradually expanding, and with nonwhite units having served successfully in combat on the Namibian border, we would expect the armed forces to be somewhat ahead of the rest of the country on the issue of discrimination. There are some indications that this is occurring. In the final analysis, however, while the military may lead somewhat and is very likely to accept any political decision, the impetus for significant change in society will have to come from elsewhere. Thank you, Mr. Chairman.

I might say, there are a few questions that you asked specifically in your letter which I really cannot answer in open session.

Mr. SOLARZ. Thank you for your testimony.

Let me say first of all that I am disappointed that both of you were seemingly unable to produce your testimony before this morning, even though you had been sent the letter of invitation several weeks ago. It is a longstanding practice of this committee, as most other committees, to try to have testimony in advance. I realize that South Africa may not be on the top of our foreign policy agenda, but I frankly see no valid reason or acceptable excuse why it could not have been provided in advance.

In the interest of proceeding with the hearings, however, we decided to continue in spite of the fact that we did not have the testimony earlier. But I hope very much that this can be corrected in the future.

Now, Secretary Moose, you said on page 7 of your testimony that no U.S. administration can permit itself to follow the policy of neglect that characterized our actions 10 years ago. Yet, it seems to me that your testimony, which in many respects was rather eloquent, was essentially not very different from the kind of testimony that we might have expected from the Department if not 10 years ago, perhaps 12 years ago when there was a somewhat different administration in power in Washington.

We have known for over a decade now of the opposition of our country to the apartheid system. This has been ritually and rhetorically reaffirmed over and over again. The consequences of the failure on the part of the South African Government to make meaningful changes have been discussed publicly for well over a decade.

I would like to know what specific actions, if any, this administration has taken in order to help move the process of change in South Africa forward and, in particular, in what ways if any has the policy of the Carter administration toward South Africa differed from the policies of the administrations that preceded it; or, in effect, has our policy toward South Africa—as distinguished from southern Africa—remained essentially the same over the course of a decade because, surely, there is nothing new in rhetorical denunciation of apartheid. I mean, even under previous administrations, that was always the case.

Mr. MOOSE. I think that the firmness, the intensity, the consistency with which we have followed events in South Africa, and with which we have expressed ourselves both publicly and privately about events there, are different in a manner of degree that is substantially different from that of preceding administrations. We do not rush out and comment on every single thing that happens, but I think if one goes back over the record, we have been quite persistent, firm, in registering our views on events as they occur and have been laying down a very clear public record about what we believe the situation there required. I think that is different from preceding administrations.

I think that two particularly noteworthy changes to point to are the agreement, the support on the part of the United States for the November 1977 U.N. arms embargo, and the action that we took in February 1978 of introducing an embargo against any sales to South Africa, military or police. This goes far beyond the requirements of the U.N. resolution.

We have reaffirmed the essential elements of that embargo quite recently, at the beginning of this year, when the President resubmitted to the Congress the outstanding regulations under the Export Administration Act.

Mr. WOLPE. Will the gentleman yield? May I interrupt on this point?

Mr. SOLARZ. By all means.

Mr. WOLPE. A little over a year ago the State Department wrote—and I quote from that document—"The United States has not made it a policy objective to keep essential business services from reaching the South African military and police." It indicated there were such sales from overseas subsidiaries of U.S. corporations and non-U.S. corporations which are not affected by U.S. law.

This interpretation, as I understand it, allowed General Motors, for example, to sell vehicles to the South African military and police if the vehicles had neither U.S. content nor U.S. sources of technology.

Now, I raise this point because it seems to me that the assertion you just made in your testimony with respect to the ban of exports to South Africa was broader than the United Nations mandate which, in fact, is rather illusory. Indeed, as long as the subsidiaries of American corporations are sanctioned to make such exports, we have really done nothing.

Mr. MOOSE. I believe that the sales you are talking about, Mr. Wolpe, are sales of vehicles made in South Africa. I think from the very quote that you used, they do not contain anything that is exported from here, including technology. Therefore, they are clearly beyond the reach of our export administration.

Mr. WOLPE. Let me throw another element into the question. In the December 26, 1978, letter to James G. Lubetkin of Oberlin College, Lewis Macfarlane, Acting Director of Southern African Affairs in the State Department wrote:

> Existing U.S. statutes do not control the sale of non-U.S. origin commodities and technical data by overseas subsidiaries of U.S. corporations to the South African police and military. Such sales have the effect of lessening the impact of what U.S. policy seeks to accomplish, keeping essential business services from the South African military and police. While not a violation of U.S. law, such sales run counter to the policy and objectives of the United States.

A second State Department official qualified Macfarlane's letter by describing it as, "An opinion about the impact of auto company sales prior to the Department's factual debate is not an authoritative departmental policy statement."

Could you perhaps comment on that?

Mr. MOOSE. I have no great problem with Macfarlane's statement; he is stating that as his opinion. He believes it is a fact that these other sales, which are far beyond the reach of U.S. law, have the effect just as sales from other countries, would have a similar effect; they do have that effect. That is a statement of fact, I suppose.

Mr. WOLPE. Are you saying that American law presently would permit subsidiaries, foreign subsidiaries of American corporations, to make the very exports that domestically based corporations could not make?

Mr. MOOSE. Subject to correction by counsel, I believe those corporations are beyond the reach of U.S. law. We are talking about export, now. When we talk about the embargo, remember, the embargo and what I referred to with regard to the sales to the South African military and police, I was talking about export sales. I notice now, looking at the line in the testimony, it says, "An embargo against any sales." That has to mean export sales, obviously, or we would not be talking about an embargo, we would be talking about a prohibition, I suppose.

Mr. **Wolpe**. Thank you, Mr. Chairman.

Mr. **Solarz**. You are in the process of describing as John Mitchell might have, what we did as distinguished from what we said.

Mr. **Moose**. Right, exactly.

Mr. **Solarz**. You mentioned two things. Is there anything else you wish to add to the list?

Mr. **Moose**. The review and the upholding of these regulations at the beginning of this year constituted a significant political act in my opinion because there was extremely strong sentiment that these controls should be relaxed. The issue was carried to the President, and the President decided in favor of maintaining these controls.

Mr. **Solarz**. We are talking about the control of sales to the police and the military?

Mr. **Moose**. Yes; export sales. They really are very far-reaching. It was maintained that these were interfering with U.S. business, and so forth.

Mr. **Solarz**. Is there anything you wish to add?

Mr. **Moose**. I do not have anything else I wish to add, Mr. Chairman.

Mr. **Solarz**. Mr. Secretary, you did indicate that we voted in 1977 in favor of a mandatory arms embargo at the U.N. against South Africa; is that correct?

Mr. **Moose**. Yes; that is correct.

Mr. **Solarz**. So, in principle we have been willing to vote in the U.N. for some form of sanctions against South Africa. My question is, if it should turn out that South Africa is ultimately unwilling to agree to what we consider to be a reasonable set of proposals for an internationally acceptable transition to majority rule in Nambia, are we prepared in principle to vote for some form of additional sanctions against South Africa at the U.N., or at least to refrain from vetoing such sanctions if they are proposed within the context of the Security Council, assuming that we come to the conclusion that the failure to reach agreement with respect to Namibia is primarily the responsibility of South Africa?

Mr. **Moose**. Well, Mr. Chairman, inevitably I am bound to respond on a question of that sort that it would depend on the decision of the President, obviously. It would depend very much on what the circumstances of the situation are; on an assessment at the time of whether the situation was one that would really give any hope of redress if such an action was taken; on the overall effectiveness of the action. There is such a range of interacting considerations there that I do not believe I could answer it in a hypothetical vein.

Mr. **Solarz.** So, you are saying no decision has yet been made, even in principle, as to whether we would be prepared to support sanctions against South Africa.

Mr. **Moose.** Yes, that is correct.

Mr. **Solarz.** On the other hand, the decision has not been made to preclude the possibility of supporting sanctions against South Africa.

Mr. **Moose.** That is correct; that is not unthinkable.

Mr. **Solarz.** Do you believe that any of the other permanent members of the Security Council have as a matter of principle made a decision to veto any efforts to impose even limited sanctions against South Africa in the context of a collapse of the Namibian negotiations?

Mr. **Moose.** I do not know, but I would doubt that any one of those sovereign governments would have in the abstract made such a decision about a prospective situation.

Mr. **Solarz.** Do you believe that we have a meaningful contribution to make toward the elimination of apartheid in South Africa? You indicated in your testimony that this will primarily be the responsibility of South Africa's white, as well as black, colored, and Asian population themselves and that, of course, I think is fairly obvious. But, given the fact that the primary impetus for change must come from within, do you think we have a meaningful role to play in creating an external environment in which change becomes significantly easier, or more likely? Or essentially, do you think that in this drama we are bystanders who can perhaps lend encouragement and cheer from the sidelines, but whose actions will not have any meaningful impact on what happens in South Africa?

Mr. **Moose.** It is very difficult to know whether actions on our part can be meaningful. I think we are obliged in any event, I think we are compelled—both in terms of our moral, political, and our economic interests—to do what we can to try to move the process forward and, as we are doing so, to try to state very clearly our own beliefs, our own principles, our own values.

It may ultimately be that not much that we can do is really going to make any significant impact on the situation, but I still think it is very clear that we identify the U.S. Government, the American people, with the aspirations of the black majority in South Africa. I think that is the principal thing to do. I think to some limited extent it may in some way serve to promote our interests. At a given moment there may be limited things that you can do. Look at the situation in Zimbabwe. For years and years we were on the wrong side of that issue. It did happen that when things came to a particular path, we were able to take particular actions. It made a decisive difference and we got credit for them.

Mr. **Solarz.** Mr. Secretary, those were the second bells, a vote is in process. The hearing will be recessed for about 10 minutes.

[Whereupon, a short recess was taken.]

Mr. **Solarz.** The subcommittee will be in order.

Mr. Secretary, I would like to ask you to participate in a hypothetical exercise with me. Suppose the President were to call you into the Oval Office later today and say that he had come to the conclusion that the time had arrived for us to translate our words into deeds, and that he wanted to take some specific actions designed both to facilitate a change in South Africa, as well as to make it clear—both to the South African Government as well as to the indigenous majority in South Africa, as well as to the other countries in the world—that we were prepared to back up our rhetorical denunciations of apartheid with some specific and concrete action. He wanted to know from you what the alternatives and options were.

What potential actions would you indicate to him are available to the administration in terms of whatever existing authorities the administration already had—not necessarily actions that you would personally endorse, but actions which the President could conceivably take if he wanted to, which would go beyond the mere verbal expression of our opposition to apartheid?

Mr. **Moose.** That is a vast question, Mr. Chairman. If that were a question after the fact, of course, I would have some difficulty in responding to it because of the question of "advice to the President."

But let me, at some risk perhaps, try to respond partially to that. If—hypothetically—one were engaged in that exercise or something like it, one would have to look at the range of relationships which exist, starting with the question of the diplomatic relationship itself; the nature of the diplomatic relationship; the institutions of that relationship. One would turn to all of the many corollary government-to-government relationships that exist between the two governments, the whole range of relationships that are maintained with almost any country—things having to do with, I suppose, the Postal Union, hoof and mouth disease and all sorts of things that have no obvious political connotations to them. Then you go to the economic side and you can consider a whole range of economic actions there. Each one of these has its own peculiar set of tradeoffs. A lot of things that might seem to be satisfying as a means of trying to make a point may have other aspects that are unattractive.

A lot of people who would like to, for example, take a very hard policy with South Africans with regard to visas and travel, and things like that—it is not possible for us exactly to do that under our law, but if it were, I suspect that there would be serious qualms and objections from various quarters on the part of people who believe in freedom of travel, for example.

So, you get into all kinds of tradeoffs.

Mr. **Solarz.** In order to focus this question and your response more productively, I would like to ask you for the record to respond to each of 41 options that are listed in the foreign affairs article by Clyde Ferguson and William Cotter, in terms of whether the options which they list are in fact legally or legislatively permissible. If they are, we would like you to tell us whether we have already taken those actions or, if we have not, why we have not—and presumably do not intend to. In that way we can get the benefit of your thinking.

Mr. **Moose.** I will be happy to do that, Mr. Chairman.[1]

Mr. **Solarz.** If those could possibly be submitted in a timely fashion so that we can have the benefit of your responses for our subsequent hearings.

Mr. **Moose.** I think we can do that. We have been through that particular drill once before. So, I think we can do it.

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[1] See appendix 2.

Mr. SOLARZ. Now, as you know, Vice President Mondale made a statement during the course of his trip, meeting with Prime Minister Vorster and then, I think, his press conference the next day, in which he indicated that what we wanted was the establishment of majority rule in South Africa.

Is it in fact our position that the only thing that will ultimately satisfy us in terms of South Africa is the establishment of a political system based on the principle of "one man, one vote" within a unitary state; or are there conceivably alternative political dispensations which we would consider acceptable?

Mr. MOOSE. We have never been that specific about our view of what was desirable. Whatever it is, it is going to have to be something that is acceptable and satisfactory to all the people of South Africa and therefore they ought to make the final decision. We have never been that specific.

Mr. SOLARZ. So, if some alternative arrangements are acceptable to all the people of South Africa, at least the majority of people—I doubt that all will ever agree on anything—but presumably the majority found a new political system acceptable which was not based on the principle of "one man, one vote" within a unitary state, that would be acceptable to us?

Mr. MOOSE. We would certainly hope to see that include provisions for the protection of the rights of all people.

Mr. SOLARZ. Do we consider the homelands policy as it is presently constituted, or in some conceivably modified form, as a viable basis for an acceptable political future for South Africa?

Mr. MOOSE. I doubt if it is viable in the sense that it is going to respond—as presently described—to the aspirations of the great majority of the people. In the first place, it is put forward on a "take it or leave it" basis; they are given no opportunity to say what they think about it; it is highly arbitrary. It is fraught with economic inequities, to say the least. It does not seem, as it is currently described, to be an adequate response to the situation. I think it is pretty much rejected as such, I think, in South Africa. There was a commission recently appointed, an international commission, to study the question. It came down with a fairly negative view.

Mr. SOLARZ. Do you consider American investment in South Africa, generally speaking, to be helpful or harmful in terms of the possibilities and prospects for a peaceful change in South Africa? As you undoubtedly know, there are many people who argue that American investment helps from an economic point of view to shore up a repressive and racist system of government.

There are others who argue on the other side of the issue, that American investment creates, objectively speaking, more opportunities for blacks, and that facilitates the emergence of a black middle class which in turn makes it easier for the whites to have confidence in a political system in which blacks can participate.

Others claim that the only way in which you are going to get peaceful change is in the context of an economically secure situation, and that, therefore, American investment does have a positive contribution to make.

Still others will say that it neither helps nor hurts in any fundamental sense the prospects for peaceful change, but that it does aline us more directly in the view of people—both within and outside of South Africa—with the current system, and that therefore we should move to attenuate American investment or eliminate it.

How do you, from this kind of political perspective, assess the impact of American investment in South Africa?

Mr. MOOSE. I think that those who charge that American investment is one of the pillars of supporting apartheid exaggerate the situation greatly. I do not think American investment per se contributes all that much.

I also would not justify American investment on the grounds of the jobs that is is providing, and so forth. There are Africans who work for American companies, but I would not justify it on those grounds. Some people do. I think black South Africans in particular find that objectionable because there is very little else evident on the scene in South Africa that reflects any particularly great concern about unemployment. So, for one to say that it can be justified on those grounds, one would have to say, "Well, what else are you doing about unemployment?"

I think that American business in its own small way can be effective as a means of demonstrating and stimulating thought and talk about fair labor practices. I think that the contribution they have already made is evident. It is modest, but I think it could be much greater.

I think that American business is probably going to be in South Africa in any event, come what may. I think that it will prove to be enormously resistant to efforts from the executive branch and the legislative branch to try to dislodge it. I think then, as long as it is going to be there, it has an opportunity to try to make a positive contribution. We have tried to encourage it to do so.

I think the business about the symbolism of the presence of American business, I suspect it is overdrawn. Oftentimes South African Government spokesmen will point to the presence of American business as evidence of American faith in South Africa. I think that is overdrawn, exaggerated, obviously self-serving. I think for persons who are critical of that presence to pick that up and to take it at face value is disingenuous and self-serving as well in terms of argument and rhetoric.

I guess I take a very pragmatic view of the thing, that I think American business is likely to be there, and as long as it is going to be there, I think it should be encouraged in every way to do something constructive.

Mr. SOLARZ. Does the administration support the Sullivan principles?

Mr. MOOSE. Yes, we have supported those very strongly and urged the companies that are signatories to the principles to carry their work farther in various directions.

Mr. SOLARZ. Do we believe the Sullivan principles should be legally binding upon American corporations doing business in South Africa?

Mr. MOOSE. We heretofore have not agreed with that; we have not thought that was a good idea. One of the great strengths of the principles is the voluntary nature of the principles. The companies themselves have decided that they would implement the principles, and since there is no compulsion there, it seems to me that is more impressive.

If you seek to legislate around them, there are a couple of kinds of problems that you run into. One is a problem with U.S. law and the other has to do with South African law. There is the question of, how do you make them binding? How do you enable U.S. law to reach outside the United States and to effect actions of those companies in South Africa in that way, the extraterritorial application of U.S. law in a situation like that.

I am not saying it is impossible, on advice of counsel I am told that it raises all sorts of problems.

The second problem is that it creates a situation in which the South African Government will take note of the fact that the American corporation has an obligation to do something which it may not agree with. We have had a sort of test case under the Evans amendment. One South African corporation wanted to apply for some advantage under the Exim authorities and it asked permission of the South African Government to submit certain information required by the Evans amendment. The South African Government would not supply it. So, you run into that kind of problem if you begin to think about legislating around Sullivan, or a code of some sort.

Mr. SOLARZ. A few brief questions, and then I will yield to Mrs. Fenwick who was here from the start.

Is South Africa, so far as we know, providing any military assistance to Savimbi in Angola?

Mr. MOOSE. We believe that to be the case.

Mr. SOLARZ. What kind, and how much?

Mr. MOOSE. I cannot answer that in open session, Mr. Chairman. I would be happy to provide a classified answer to that.

Mr. SOLARZ. Would you consider it significant? Can you answer that in public session?

Mr. MOOSE. It is certainly politically significant.

Mr. SOLARZ. Is South Africa getting arms from any other country at this point?

Mr. MOOSE. Not to my knowledge.

Mr. SOLARZ. Is South Africa engaging in attacks against Zambia on Zambian territory?

Mr. MOOSE. South African troops have been present on Zambian territory within the last month.

Mr. SOLARZ. In military operations?

Mr. MOOSE. Yes.

Mr. SOLARZ. Directed against SWAPO elements that are using Zambian territory?

Mr. MOOSE. Presumably.

Mr. SOLARZ. Are those ground operations, or air operations?

Mr. MOOSE. I would like to supply a classified answer to that, please.

Mr. SOLARZ. Were South African military operations against Zambia taking place prior to last month?

Mr. MOOSE. Yes; South African operations on Zambian territory.

Mr. SOLARZ. How long has this been going on?

Mr. MOOSE. I would have to check the record on that. For some time, intermittently.

Mr. SOLARZ. Mr. Kramer, do you know if South Africa is getting arms from any other country?

Mr. **Kramer.** That is what I was checking. Right now I do not know, offhand. I would rather give you an answer for the record.

Mr. **Moore.** We might research that and give you a classified answer on that.

Mr. **Kramer.** I think I would have to give you a classified answer.

Mr. **Solarz.** Mr. Kramer, what would happen if all the minerals we currently get from South Africa were cut off, or denied us, do we have acceptable alternatives, sufficient stockpiles. For how long could we make do without them?

To the extent there are minerals from South Africa for which there are no acceptable alternatives, or we do not have adequate stockpiles, what would be the precise consequence?

Mr. **Kramer.** I am not entirely familiar with our stockpile situation. If they were cut off forever, however, that would be rather difficult. For example, as I understand it, South Africa supplies 87 percent of the platinum to the free world, and there are similar high percentages for some other specialized materials. The percentages for the United States tend to be lower.

The answer is, we would be in a difficult situation, but I cannot give you a full answer.

Mr. **Solarz.** Can you, for the record, can you give us a precise answer about the consequences of a cutoff, say, for 5 years; say, in perpetuity, of each mineral which we currently import from South Africa; in terms of what alternatives would be available; what our stockpile status is, and what the precise consequences would be for our economy and for our national security. Can you do that for the record?

Mr. **Kramer.** Yes.

Mr. **Solarz.** Now, you indicated that if the Soviet Union got control of South Africa, it would be in a position to interdict the sealanes emanating from the Persian Gulf; is that correct?

Mr. **Kramer.** That would make it easier for them, that is right.

Mr. **Solarz.** Do they have alternative ways of doing that if they wanted to now, without control of South Africa?

Mr. **Kramer.** It just would make it easier. I do not think that they could interdict it right now. We think we would be able to successfully defend it. If you mean whether they can take steps to try and do so, yes.

Mr. **Solarz.** But you think without control of South Africa they could not, under existing circumstances, effectively interdict the sealanes?

Mr. **Kramer.** I think that is correct, yes. I think the answer is, yes.

Mr. **Solarz.** Could they effectively interdict the sealanes if they controlled South Africa?

Mr. **Kramer.** It would make it easier for them in the sense that they would have ports to operate from.

Mr. **Solarz.** But would they be able to do it?

Mr. **Kramer.** That depends on how much in the way of forces they would want to put down there. In the end, I think, we would be able to prevail.

Mr. **Solarz.** It would just make it more difficult?

Mr. **Kramer.** Yes.

Mr. **Solarz.** Now, would an effort by the Soviet Union to interdict the sealanes in the Persian Gulf constitute a kind of casus belli?

Mr. **Kramer.** I think so, yes.

Mr. **Solarz.** So, they are unlikely to do it unless they are prepared to run the risk of World War III.

Mr. **Kramer.** I guess, yes. What I was suggesting was that over time, if they had developed relations with South Africa such that they have port facilities and other facilities to support their naval forces and air forces in the area, that were we to get into a war, that would make a significant difference. They do not have the ability right now, in any significant way, to fight out of Africa, although they do make some port calls, they have some rights in some places.

Mr. **Solarz.** On this question the point has often been made by the defenders of the regime in Pretoria, that South Africa constitutes a bulwark against the advance of communism in southern Africa, and it obviously is a staunchly anti-Communist government.

On the other hand, others have argued that the existence of apartheid is in and of itself the greatest incentive for the spread of communism in southern Africa, that it provides an issue on which Communists find it possible to muster support, given the presumptive willingness on the part of the Soviet Union to assist an indigenous South African liberation movement.

Mr. Secretary, in our judgment, does the existence of the apartheid system in South Africa, and does South Africa itself constitute a bulwark against communism; or does the existence of such a government objectively enhance the prospects of the advance of communism in southern Africa?

Mr. **Moose.** It is decidedly the latter. The situation which obtains there, the actions of the South African Government in the surrounding areas, and the difficulties that grow directly from those, collectively constitute the greatest assets to Soviet policy in Africa, rivaled only by conditions of poverty, I suppose, in the rest of the continent at large.

Mr. **Solarz.** So, you would say that even after Afghanistan one of the most effective ways we could thwart a potential Soviet advance in southern Africa would be to help facilitate meaningful political change in South Africa, and thereby depriving the Soviets of an opportunity to advance their influence and interests by assisting those elements intent on changing the current system?

Mr. **Moose.** I believe that is true. Broader than that as well, by continuing our efforts to find a peaceful solution to the Namibia question and to set the border wars at rest.

Mr. **Solarz.** One final question here, and that is, if the situation in South Africa is evidently unacceptable to the great majority of people in South Africa, and if some kind of indigenous liberation movement develops—whatever form it might take—and if the Soviet Union is prepared to provide arms and other forms of assistance to such a movement, as it was in Zimbabwe; as it is in Namibia; as it was in Mozambique and as it did in Angola, and we refrain from providing such assistance—for obvious historical, political, and other considerations which carry great weight in our country; and if, furthermore, we limit ourselves to rhetorically in effect opposing apartheid, do you think we will be in a position to compete effectively with the Soviet Union for influence with that black majority in South Africa?

In other words, given the fact that they are going to clearly identify themselves with the forces seeking change—albeit violent change—what alternatives are open to us in competition for influence with those people who eventually presumably will govern the future of the country?

Mr. **Moose.** Well, the more violent the process becomes, the more disadvantaged we are, as was the case in Zimbabwe. There we and the British—the British particularly at the end—were able to create a constructive, nonviolent alternative. That option remained open. It is not that there was not or is not any violence in South Africa. But we are greatly disadvantaged in such a situation. We need to find other ways to operate in this situation, but we also have to be mindful of the fact that there are situations which exist in the world which are beyond our ability to influence in a major way.

Mr. **Solarz.** Mrs. Fenwick.

Mrs. **Fenwick.** Thank you, Mr. Chairman.

I think it is a confusing picture, Mr. Secretary, because the country in the immediate area that seems that most Communist is certainly Mozambique, which has the firmest and most lively arrangements with South Africa. As I understand it, the port is very nicely handled by South Africa, and that does not deter Mr. Machel from very Communist views, actions toward his own people, and so on.

So, it is hard to be sure as to what the results of movements in South Africa would be.

I wanted to ask the Defense Department, are the incursions by South African arms to attack against Zambia, or are they what might be characterized as incursions, hot pursuit? Do you see a deliberate series of raids trying to attack the capital, destroy the ability to respond; or is it what might be called hot pursuit which I have often, in other cases, approved of?

Mr. **Kramer.** First of all, I think we can give you a quite full description either in executive session or to you privately.

Mrs. **Fenwick.** I will pass on that, then.

Mr. **Solarz.** You can provide a classified response for the record.

Mr. **Kramer.** Yes, absolutely.

Mr. **Solarz.** We may go into executive session later if we get enough people here to get a quorum.

Mr. **Kramer.** If we do not, I will give a classified response.

Mrs. **Fenwick.** Since West Germany and Great Britain are now the two largest trading partners, as I understand it, of South Africa, have we lost some influence in that regard, Mr. Secretary?

Mr. **Moose.** No; I do not think we ever had any great influence in the situation at a tolerable political price.

Mrs. **Fenwick.** Could you tell us about these cadet schools?

Mr. **Moose.** I am not sure to what you refer, Mrs. Fenwick.

Mrs. **Fenwick.** I refer to those schools established in some of the companies, whereby black employees are tutored in metallurgy, chemistry, or some other course that they would pursue. When they have completed the course, the students go on to those white universities where these courses are routinely given. Do you know anything about those cadet schools?

**Mr. Moose.** I have heard of some selected instances of some corporations—some of them American, some of them otherwise—that are doing now some more advanced training. I have not heard of anything going as far as metallurgy. I have heard of more practical sorts of things like apprentice courses which have been introduced now.

**Mrs. Fenwick.** As I understand it, these are specifically courses which are not given as a rule in black universities, they are more advanced. I have heard of it from several sources, in some firms connected with metals, chemicals, and so on.

**Mr. Moose.** I am told that this refers specifically to a training program of the Anglo-American Corp. They have 12 students at the university. I did not think that this was a major feature of the South African educational landscape.

**Mrs. Fenwick.** It is not, it is a corporate matter.

**Mr. Moose.** Right.

**Mrs. Fenwick.** I wondered what you could tell us about the development in that area, is it working; how long has it been going on?

**Mr. Moose.** There has been a slow growth in training for nonwhites. It has been better for coloreds and Indians because they have had more educational advantages all along, compared to the blacks, they are still woefully short compared to the whites; they are still woefully short of what the whites have, and that is what the schoolchildern's demonstrations are about that are going on now.

But the opportunities for black education in the technical trades have been very limited. Now, there is such a shortage of skilled and semiskilled manpower in South Africa now that of necessity corporations are themselves entering into training programs.

**Mrs. Fenwick.** Corporations only, or the Government? Not the Government, corporations?

**Mr. Moose.** The corporations are far and away the leaders in this type of activity, the Government lags behind.

**Mrs. Fenwick.** Have there been any other improvements, however mild, such as the black unions being recognized, and the 99-year leases being offered in white areas?

**Mr. Moose.** It is always a "give it and take it away" proposition with those kinds of things, Mrs. Fenwick. You have the black unions now recognized under certain conditions. They have to submit themselves to a type of supervision and inquiry that some of them are not happy to have. They still do not have the right to enter into collective bargaining in the way that we would think would be appropriate for a proper union.

On the 99-year leases, there is the possibility that the man or woman who has the 99-year lease has no guarantee that he or she is going to be able to stay in the area where the 99-year lease can be obtained because of the way the pass laws operate, influx control, and all of that. They would lose their right to stay in that place by an arbitrary decision on the part of an administrator.

**Mrs. Fenwick.** Has such a decision been taken? In other words, has anybody gotten a 99-year lease and then been denied the right to live there?

**Mr. Moose.** I do not know. Very few 99-year leases have in fact been gotten, but let me provide an answer for the record.

[The information requested follows:]

**1. According to the latest figures announced in Parliament (May 6), 221 99-year leaseholds have been registered and 825 are pending.**

**2. The 99-year leasehold system was introduced in December 1978. Implementation of the program has been slow mainly for three reasons:**

**Sites in the townships still have to be allocated and surveyed officially.**

**The high cost of the scheme has made the 99-year leasehold economically unattractive for many urban blacks. (High initial deposits, on the order of R1, 500 to cover surveying and administrative costs, and higher monthly outlays—in Soweto, for example, R35.22 vs. R14.75 for conventional rentals.)**

**Political resistance by many blacks to the fact that the 99-year lease still falls short of land ownership permitted to whites.**

**3. In an attempt to break the logjam. Minister Koornhof announced in Parliament on May 7 that certain administrative changes would be implemented reducing the amount of the deposits formerly required. At this point, it is too early to determine whether this inducement will be sufficient.**

**4. We are not aware of any leaseholds abandoned by their owners. To be eligible for the scheme, a black must already have section 10 rights of residence in an urban area (Bantu Urban Areas Consolidation Act of 1945). The question of transferring leadseholds to heirs who are not officially South African citizens and thus have not right of residence) is more problematic, but there have been no precedents upon which to resolve conflicting interpretations of the law.**

**5. To the best of our knowledge, all the registered leaseholds have been granted in the reef (90 Soweto as of February 1980) although approval for leasehold sites has been granted in other areas, for example, 370 sites in Port Elizabeth. The western cape, however, continues to be excluded from the 99-year leasehold scheme. Edmondson.**

Mrs. Fenwick. It is open as a question, still.

Mr. Moose. Right.

Mrs. Fenwick. It has not been closed down.

Mr. Moose. It is still a possibility.

Mrs. Fenwick. Still legal.

Mr. Moose. Yes.

Mrs. Fenwick. What effect do you think the very fine announcement of Prime Minister Mugabe—I think a model in fact, his speech—what effect would that have in South Africa? Is that going to be reassuring; is that going to be productive of more change and openness?

Mr. Moose. Well, it could.

Mrs. Fenwick. His actions, too. I mean, General Wall has been kept on, Mr. Smith, and Mr. Gorman.

Mr. Moose. A perfectly extraordinary series of statements and actions that Robert Mugabe has taken. His interview with McNeil-Lehrer, for example, in which he was pressed repeatedly about the nature of his relationship with South Africa was, I think, very impressive. I think the South African Government and Mr. Mugabe's government are working things out. There are complicated financial arrangements. I think they have had some effect on officials in South Africa and I think that is a very good thing.

Mrs. Fenwick. Yes.

Mr. Moose. I think these are positive kinds of things. The African nations when they got together at Lusaka recently and talked about the future, their economic relationships, they were very careful about what they had to say and imply about the relationship with South Africa.

It would be nice if everybody could work together down there. You mentioned earlier the relationship between Machel's government in Mozambique and the South Africans. Indeed, they do work well together. Machel, at the same time, is looking actively for American companies to come in. He has made changes in his government. He is very pragmatic. He knows what it takes to deliver the goods to the people, which is the whole point of a government in the first place. Mugabe understands that as well.

There is the prospect of constructive interaction between South Africa and the region. That was one of the things I was driving at in my opening statement when I said that the decisions that the South Africans make about their relationship with their neighbors are so important.

It is much better to be helping someone operate their railways and their ports than to be sustaining resistance movements and bombing their territories.

Mrs. FENWICK. I wondered about the rise of violence in South Africa—there was the bombing of a bank, I think, and so on—was that because the more radical elements in South Africa fear that these good developments might bring about moderate change and they do not want change, they want a real sweep. Are they afraid of a moderate approach?

Mr. MOOSE. Well, I think there are certainly many elements among the black, the nonwhite community, in South Africa that really do despair of the possibility of meaningful change in any sort of relevant time frame. I think, driven by that frustration and by the daily inhumanities of the system, I can understand people being driven to take those kinds of actions.

Certainly, there is a ferment within the nonwhite community on the question of cooption, cooperation, confrontation, which way should we go.

Mrs. FENWICK. I know.

Mr. MOOSE. This is not unusual.

Mrs. FENWICK. I know, but for example, some of the people who have been fighting apartheid their whole lives, like Helen Susman, are very anxious for change, peaceful change and are pressing the rate of change.

But I have good friends who tell me quite openly, they are not interested in peaceful change. They say:

> What there has to be in South Africa is a revolution. There has got to be a complete upheaval. There is no use trying to think about change, and I do not care what Helen Susman says. Certainly, I respect her but I am not interested in her views. I take the views. . . .

And then they, the more radical blacks, say there has to be a revolution.

I wondered which is in the wind, Mr. Secretary.

Mr. MOOSE. I think the unfortunate thing is that the great figures, the leaders in the black community who have the standing, probably, to influence events in such a way that they would not go with the radical direction, unfortunately most of those people are now in prison. Like Nelson Mandela, they are on Robben Island, or some place else.

Mrs. FENWICK. Mandela's pronouncements were never very mild, 20 years ago he was talking about revolution.

Mr. MOOSE. He probably still is the one black leader who would be recognized by the entire spectrum.

Mrs. FENWICK. But I would not call him a moderate, would you?

**Mr. Moose.** Well, how is one affected by as many years in jail as he is?

**Mrs. Fenwick.** No, this was 20 years ago. He has been in jail for 16 years.

**Mr. Moose.** I think he is a very substantial black leader who could still be a remarkable force for constructive change in South Africa, if he had the opportunity to play that role. His wife, too, as a matter of fact.

**Mrs. Fenwick.** Do you think if he were let out we might more quickly get some peaceful change?

**Mr. Moose.** I think he is one of the kinds of people who needs to participate in a national dialog in South Africa in some way. He and his wife, the bishop, and various other people.

**Mrs. Fenwick.** Thank you Mr. Chairman. I was quick, you must admit.

**Mr. Solarz.** You were terrific.

**Mrs. Fenwick.** Just over 5 minutes.

**Mr. Solarz.** Would you say, Mr. Secretary, in response to your colloquy with Mrs. Fenwick, that while we really do not know whether peaceful change is possible in South Africa, we have no alternative in terms of our politics and our principles but to act on the assumption that it is possible?

**Mr. Moose.** I think so. I think that it is possible. I think we should act on that assumption because if we assume it is not possible, then you have the choice between—which I do not think we would ever accept—assisting the element of riot and revolution on the one hand, or to simply do nothing, on the other hand, on the theory that it will not make any difference. Well, I think it does make a difference how we line up on the issue.

**Mr. Wolpe.** Thank you, Mr. Chairman.

I want to just briefly conclude a portion of the dialog we had earlier with respect to the extent to which American law can reach the subsidiaries of American corporations in terms of the activities they undertake with respect to South Africa.

Title III of legislation, H.R. 7738, which was the Trading With the Enemy Act reform legislation passed, I think, in 1977 provides—an amendment to the Export Administration Act—provides authority for control over exports of non-U.S. origin goods and technology by foreign subsidiaries of U.S. concerns, so that in fact, as I understand the law, we have at least the legal ability to apply the Export Administration Act provisions with respect to the activities of subsidiaries of American corporations.

**Mr. Moose.** Yes; as long as you are exporting something, either goods or technology. I will be frank to say that I think you got me off in a lawyer's territory, Mr. Wolpe, and I might do better to bring a lawyer back with me, or to answer written questions.

**Mr. Wolpe.** I am simply trying to clarify what the present law is, and I am trying to reach the broader policy question as to whether or not we ought to attempt to make our law consistent with what I take to be our policy, which is an effort to try to deny to the military and to the police technology that consists of assistance to the regime.

**Mr. Moose.** That is right.

Mr. WOLPE. Would you support legislation, if necessary, to accomplish that objective with respect to the operations of subsidiaries, as well as with respect to the operations of domestically based firms?

Mr. MOOSE. I would want to look at a specific proposal before I would answer the latter part of the question.

Mr. WOLPE. Could we ask that you submit for the record, Mr. Moose, both your understanding of the legality of the present situation, and also with respect to the broader policy question, as to whether amendments to the existing statute might in fact be in order?

Mr. MOOSE. If we can work with the staff and further define the inquiry there, yes, I would be very happy to.

Mr. WOLPE. Thank you.

I want to turn now to a different matter, and that relates to the operations of the Space Research Corp., and to our own Government's relationship to the Space Research Corp.

First of all, I understand that members of our staff have attempted to elicit some information from members of the staff of the State Department, particularly the Office of Munitions Control. We were denied information. The staff person refused to discuss these matters with our staff.

I have a letter from the U.S. Department of Justice that I believe ought to be entered into the record at this point, Mr. Chairman.

Mr. SOLARZ. Without objection.

Of course, the last time we entered something you suggested in the record I was the recipient of angry correspondence from someone who felt his constitutional rights had been violated. On the assumption this is a less volatile document—even though I have not seen it. I hear no objection. It is so included in the record.

[The letter referred to follows:]

Hon. STEPHEN J. SOLARZ,
*Chairman, Subcommittee on Africa, Committee on Foreign Affairs, House of Representatives, Washington, D.C.*

APRIL 9, 1980.

DEAR MR. CHAIRMAN: This is in response to your letter to me, dated March 18, 1980, concerning the investigation of Space Research Corporation, of North Troy, Vermont, for violations of the Arms Export Control Act, 22 U.S.C. § 2778. Specifically, you requested that Mr. Richard Scruggs of this Division be authorized to discuss this matter with your subcommittee staff.

As you may know, Space Research Corporation U.S., Dr. Gerald V. Bull, and Rodgers L. Gregory pleaded guilty on March 25, 1980 to a Bill of Information filed in the United States District Court for the Distict of Vermont, Rutland, Vermont. I have attached a copy of the Bill of Information and the Department's press release concerning the guilty pleas.

These pleas do not finally resolve this matter and the investigation is continuing. For this reason, it would be inappropriate for the Department to disclose additional information at this time, particularly the testimony developed before the grand jury.

I understand and appreciate your concern in this matter; however, I am sure that you understand the reason for our decision. We will let you know as soon as the present status changes and we are able to provide you with additional information.

Very truly yours,

PHILIP B. HEYMANN,
*Assistant Attorney General,*
*Criminal Division.*
By PHILIP T. WHITE,
*Acting Deputy Assistant,*
*Attorney General.*

**Mr. Wolpe.** Let me then just take this opportunity, Mr. Chairman, to indicate that I was most impressed by the response to the gentleman that you provided also for the record, in reassurance that his constitutional rights were not violated. I am certain that you will be perfectly capable of providing any subsequent comparable defense in this instance.

**Mr. Solarz.** Well, it was a difficult balancing act because on the one hand I wanted to disassociate myself from your impulsive gesture, without in any way depreciating your thinking as a member of the committee. [Laughter.]

**Mr. Wolpe.** I appreciate your sensitive concern, thank you.

In any event, this letter from the Department of Justice, from Mr. Heymann, signed by Mr. Philip T. White, Acting Deputy Assistant Attorney General, relates to the fact that there has in fact already been a plea of guilty entered in by Mr. Gerald Bull and the Space Research Corp., and a Mr. Rogers L. Gregory.

I guess the question I would have, Mr. Moose, can you understand any reason at this point, given the fact that a guilty plea has been made, that the State Department cannot discuss this matter with our committee?

**Mr. Moose.** I can think of no reason in terms of the policy or the substance of the case. But I can understand, if a matter is before a grand jury, notwithstanding the fact that one or more individuals may have entered a guilty plea, I can understand the Justice Department seeking to impose limits on the divulging of information relevant to those proceedings. But that is just a "horseback" view of the thing. I do not know what the legal peculiarities of this are.

We in the State Department, in the executive branch generally, have absolutely nothing to hide on the Space Research Corp. thing. These characters ran a "scam" on us and they got away with something they should not have gotten away with. We have nothing to hide.

The access problem that you are having, I really do believe, goes altogether to the question of the litigation in the Justice Department. I stand to be corrected.

**Mr. Wolpe.** If the investigation were still in process, I could better understand that. I guess, Mr. Chairman, I would like to suggest if we are unable to have these people within the office to speak to us at this point, that we ought to consider the issuance of a subpena to compel that particular testimony. I do not understand the merits of your argument.

**Mr. Moose.** Would you give us, please, an opportunity to have our counsel discuss with the Justice Department what the nature of the problem here is because I would regret it very much if it would appear that we are trying to keep you from getting something that you have obviously every right in the world to get. I just cannot believe that we cannot work this out in a satisfactory manner.

**Mr. Wolpe.** That will be fine, as long as we are not talking about an indefinite time frame.

**Mr. Moose.** We will do it very quickly.

**Mr. Solarz.** What time frame are you talking about?

**Mr. Moose.** I do not know. We will talk to the lawyers this afternoon, and we will give you an interim response of some sort. It will depend on what the Justice Department will say back to us. But let me say, today is Wednesday. Let me undertake to get an answer back to the committee by Friday, maybe orally.

Mr. SOLARZ. I would particularly suggest, Mr. Secretary, that you make sure to touch base with Mr. Wolpe who is pursuing this personally, and Mr. Pease—especially Mr. Wolpe, who is on the subcommittee because I think there will be an inclination on the part of the other members of the subcommittee to follow his lead on this question, given the degree to which he has immersed himself in the murky details of the situation.

Mr. MOOSE. All right. We will be happy to do that.

Mr. WOLPE. There are some general questions that do not relate to whatever information this other gentleman has, but I would like to discuss with you in general terms this point. Would you describe briefly our policy with respect to arms sales to South Africa?

Mr. MOOSE. Well, we do not sell any arms to South Africa for any purpose, for military or police. We have gone far beyond the question of arms into other things that we do not sell to the military or the police.

We had an arms embargo in effect before the U.N. arms embargo. We observe the U.N. arms embargo; indeed, we go beyond it.

Mr. WOLPE. Now, I take it that "embargo" relates to operations by private firms as well as Government programs?

Mr. MOOSE. Oh, yes.

Mr. WOLPE. Are you familiar with the weaponry that was involved in the Space Research Corp. arms sale to South Africa?

Mr. MOOSE. I am not as familiar with it as you are.

Mr. WOLPE. I was simply going to ask either you or Mr. Kramer to share with us your assessment of the significance of the weaponry that was involved in that arms sale. The allegations were made that, No. 1, the weaponry itself was of a very advanced sort with respect to cannon artillery; and second, that there is also a technology transfer that was involved in the transaction between Space Research Corp. and the South African Government.

Mr. KRAMER. I am familiar with the weaponry in general, but when you ask the question of whether this is advanced technology, I would have to have a second look at it. I would not have thought so offhand, but that does not mean it is so.

Mr. WOLPE. Would you supply a response as to the significance, from a military standpoint, of the weaponry that was supplied?

Mr. KRAMER. Yes.

Mr. WOLPE. The piece of the puzzle that most directly relates to the State Department is a letter that was transmitted by William B. Robinson, the Director of the Office of Munitions Control, to Mr. Bull, president of the Space Research Corp., dated April 23, in response to a letter to a Mr. James D. Hataway, Deputy Director of the Office of Munitions Control, from Mr. Bull, dated April 21.

I wonder if we can enter the full text of the letters into the record at this point.

Mr. SOLARZ. Without objection.

[The letters referred to follow:]

APRIL 23, 1976.

In reply refer to: MC Case No. CJ–224.

Mr. G. V. BULL,
*President, Space Research Corp., North Troy, Vt.*

DEAR MR. BULL: I am pleased to respond to your letter of April 21, 1976 concerning our discussions of the activities of the Space Research Corporation as they relate to the requirements of the Department's International Traffic in Arms Regulations.

This is to confirm that your interpretation is correct that U.S. Government approvals are not required with regard to contracts of your international company acting as a marketing agent under Canadian export license to Belgium. Similarly, exports of rough, non-machined nosed forgings from the United States are not considered as falling under the purview of the U.S. Munitions List so long as they are not clearly identifiable as parts or components of weapons or sub-systems covered by that List. Hence, no license is required from this office for exports of such raw materials from the United States.

I shall be pleased to be of further assistance in this matter should the need arise.

Sincerely yours,

WILLIAM B. ROBINSON,
*Director, Office of Munitions Control.*

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SPACE RESEARCH CORP.,
OFFICE OF THE PRESIDENT,
*April 21, 1976.*

Mr. JAMES D. HATAWAY, Jr.,
*Deputy Director Office of Munitions Control*
*Department of State, Washington, D.C.*

DEAR MR. HATAWAY: First, may I thank you for the courtesy and patience extended to us during our meeting. In a short time I gained some insight into the complicated machinery associated with the licensing processes, and appreciate the necessity of direct communication and proper explanations at the onset.

I would like to review and confirm our understandings of the discussions.

First, as background, the present SRC–US Corporation grew out of a nonprofit Canadian organization, the Space Research Institute of McGill University. In late 1967, this organization, which had been developing advanced ordnance systems, broke away from the University (under pressure from anti-military lobbying). A Canadian Corporation, Space Research Corporation Quebec, was formed to gather up and continue on the work. At that time, it appeared that the NATO market offered the greatest potential, and a Canadian technology export permit was obtained to transfer the technology data package to a joint venture Company, SRC-International, located in Brussels.

In 1972, the US Corporation obtained major financing through the First Pennsylvania Banking & Trust Company, and the Canadian interests were bought out. Thus, SRC-US is a fully owned US Corporation, with laboratories, manufacturing facilities, corporate and engineering offices at North Troy, Vermont. During the last eighteen months, SRC-US has been split off to be fully Canadian owned, as requested by Canadian Defense authorities. While at the moment I am Chief Executive Officer of both Corporations, this will be changed in the near future, since as an American citizen, I really do not meet Canadian management requirements.

Our international company, acting mainly as a marketing agency, enters into contracts with those countries permitted under Belgian law. Naturally, we try to bring to the US as much of the manufacturing associated with these contracts as possible. Often, our bankers have to supply guarantees for this international work. Their lawyers have raised the question regarding whether this implies any US approvals. You told us that this was definitely not the case, as the legal circuit through Canadian export license to Belgium is the concern of Belgian law only.

The second item you clarified to us was the requirement for OMC approval. As we understand your explanation, items recognizable as weapons require export permits from your office. Items, such as rough, non-machined nosed forgings do not require munitions export permits, only the normal Department of Commerce export permits.

This classification aids us greatly, and will prevent our filing unnecessary applications, creating a burden on your office. I do believe however, that all applications submitted to date were necessary, since they involved finished weapon sub-systems. We will continue to file applications to your office, or request your advice on whether we should file if in doubt.

Enclosed you will find a perspective drawing of the SRC–US, SRC–Q compound straddling the United States-Canadian border. This compound concept was agreed to by Customs and Immigration of both the U.S. and Canada to permit the gun ranges and heavy installations to be conserved and utilized, and to allow utilization of the local Vermont and Quebec staffs, where possible. The compound is guarded on a twenty-four hour basis, and follows both United States and Canadian security laws. One U.S. customs' officer is on duty at the South (US) gate. All persons must enter and exit by the same gate, and are subject at all hours to security checks, etc.

I would appreciate in writing your confirmation of the main points raised here. Specifically, the non-US interest in SRC–Q operations in technology exported to Belgium under Canadian export license, and secondly that exportation of rough nosed forging blanks are exempt from OMC licensing under ITAR.

A reply at your earliest convenience would be appreciated.

Thanks once again for your help.

Yours truly,

G. V. Bull,
*President.*

Attachment.

Mr. Wolpe. In that letter, Mr. Moose, Mr. Robinson writes as follows:

> This is to confirm that your interpretation is correct that U.S. Government approvals are not required with regard to contracts of your international company acting as a marketing agent under Canadian export license to Belgium. Similarly, exports of rough, nonmachined nosed forgings from the United States are not considered as falling under the purview of the U.S. Munitions List so long as they are not clearly identifiable as parts or components of weapons or sub-systems covered by that list. Hence, no license is required from this office for exports of such raw materials from the United States.

Now, is it your understanding that the official in this instance was correctly interpreting existing American law, or was he incorrectly interpreting existing American law?

Mr. Moose. It sounds to me like he was.

Mr. Wolpe. Was what?

Mr. Moose. Was correctly interpreting American law and regulation. I do not have the full context. I mean, you have me at somewhat of a disadvantage because I do not know exactly how the question was asked. But on the basis of what you read it sounds reasonable to me.

Was the question that was asked about an export to a Canadian company did you say?

Mr. Wolpe. Yes, but the point that I was trying to focus in on was not the reference to the Canadian aspect of the issue, but rather the reference to "exports of rough, nonmachined nosed forgings from the United States are not considered as falling under the purview of the U.S. munitions list."

Mr. Moose. Were they identifiable as something that was obviously going to become an artillery shell?

Mr. Wolpe. That is the general understanding, yes.

Mr. Moose. Is anything said in there about South Africa?

Mr. Wolpe. Not only is that the case, but this is an arms sale operation. That is why they wanted these things.

**Mr. Moose.** The munitions control list is a very complicated, comprehensive list that is changed from time to time, and has long categories of all sorts of things, and something either is or is not on the list.

**Mr. Wolpe.** I understand that.

**Mr. Kramer.** I am not sure, is your question whether the list should have covered these kinds of things and did not?

**Mr. Wolpe.** Well, as I understand existing law, we are not in the business of allowing the export of weapons. It does not seem to me to be unreasonable that a forging that is clearly intended as an artillery shell, for service as an artillery shell, would fall within one's normal notion of what a weapon is all about. I am trying to understand how that letter could have been drafted. Was it a question of individual negligence, or possibly intentional oversight? Are the regulations written in such a way as to be so blatantly obscure? Maybe we should review the munitions list. I am trying to understand how this could have happened.

**Mr. Moose.** Actually, what you really need to do is talk to the people who administer the munitions control list because they can answer those questions with a great deal more knowledge than I can.

**Mr. Wolpe.** Well, hopefully, after you have had your discussions with your attorneys, you will be able to do just that. That will be very helpful.

**Mr. Moose.** All right.

**Mr. Wolpe.** There are a couple of other questions I would like to ask. If you do not have the answers now, would you supply them for the record?

**Mr. Moose.** All right.

**Mr. Wolpe.** In the course of this documentary there is reference to a Mr. Frost, who is an international arms dealer, who allegedly had alerted the State Department on two different occasions with respect to this inquiry.

Could you either reply now, or supply for the record any documentation or any understanding you have, the State Department has, of any such contacts between Mr. Frost and the State Department?

**Mr. Moose.** We will be happy to do that, but let me make that subject to a concern that I have about the question which we were talking about earlier, which is the degree to which we are going to be in a position to supply documents and information, and the possible conflict between that and grand jury or other legal proceedings. Subject only to the understanding that we have to work that one out, we will be happy to.

**Mr. Wolpe.** Thank you.

Finally, the last point I would like to raise with respect to this matter now—and I hope we will have an opportunity to go into that in some depth down the road—relates to possible loopholes that exist in the law with respect to exports to Canada.

One of the implications of some of the material that I have cited today, and the broader discussion that has taken place with respect to the sale is that if exports of munitions are made to Canada for resale to some subsequent third country, that the same prohibitions that would apply in every other instance under American law no longer are applicable. Is that your understanding of that?

Mr. **Moose.** No, it is not. You mean by virtue of the fact that Canada is the first country; or by virtue of the implication that resales are not subject to the same strictures?

Mr. **Wolpe.** The assertion has been made that the initial point of destination is Canada, and that all of the licensing requirements do not apply.

Mr. **Kramer.** That is not my understanding at all.

Mr. **Moose.** Nor mine.

Mr. **Wolpe.** Let me raise the question more generally, then. Mr. Robinson's comment here is that—

> This is to confirm that your interpretation is correct that U.S. Government approvals are not required with regard to contracts of your international company acting as a marketing agent under Canadian export license to Belgium.

Thus you remove the specific reference to Canada. In other words, an American firm is operating as a marketing agent under the export license of some other country, then are we saying that the export prohibitions with respect to munitions do not obtain,

Mr. **Moose.** I think that is a technical legal question that I do not feel competent to answer.

Mr. **Wolpe.** I think this may be a loophole, and I wonder if you and your legal people could take a look at that particular question as well because that seems to have been one of the means that Space Research Corp. used to subvert the intent of the American prohibition.

Mr. **Moose.** I am perfectly prepared to believe that a corporation can weave its way through a lot of complicated regulations and statutes. The thing that I would like to reiterate for the record is that no officer of the executive branch knowingly was engaged in some scheme to help get weapons technology or weapons to the South African Government.

Mr. **Wolpe.** Well, I think we will have a better understanding of precisely how this happened once we have talked to the specific individuals involved.

Thank you very much for your testimony.

Mr. **Solarz.** Mr. Secretary, we will be submitting for the record a whole series of questions a little bit later, and I hope you can expeditiously respond to them so that we can have the benefit of those responses in the context of the subsequent hearings we plan to hold.

Waiting patiently in the wings has been my good friend and valued colleague from Pennsylvania, Mr. Gray.

Mr. **Gray.** Thank you, Mr. Chairman.

Mr. Moose and Mr. Kramer, picking up on the question of arms, who are the chief suppliers of arms to South Africa?

Mr. **Moose.** South Africa makes most of its own arms now. They have some equipment that they got before the arms embargo was completely effective. They are a major arms manufacturer themselves.

Mr. **Gray.** Can you give me, Mr. Kramer, any percentages of the types? Are you saying, Mr. Secretary, that they are not importing any arms at all?

Mr. **Kramer.** We can tell you some of the things they have imported in the past. I think since the embargo—we will just have to go into closed session to discuss that.

Mr. **Solarz.** Maybe we will do that a little bit later.

Mr. GRAY. Let me go to another point. The U.N. arms ban has been imposed since when?

Mr. MOOSE. Since 1977, November 1977.

Mr. GRAY. As I read the testimony, Mr. Secretary, about the U.S. policy, as you articulated in your presentation, I am slightly disturbed because other than the fact that there is U.S. participation in the U.N. arms ban, most of the rest of our policy as articulated here is basically based on our hope—other than the Sullivan principles being a specific example which was not initiated by this administration or our Government. The question that I had in my mind is that these three items of "our policy" could have been articulated 4 years ago; or for that matter, 3 weeks after the present administration came into office.

Other than the Vice President making a public statement in an international arena in Vienna; other than the Sullivan principle which was not initiated by this administration, which the administration now supports, I see very little indication of a policy toward South Africa and its apartheid.

I was just wondering whether or not there is some further elaboration that you can give as to some key benchmarks of real change of our policy toward South Africa; or whether the words of the former Secretary of State who in 1977 addressed the NAACP said our policy was, "verbal condemnation" of apartheid.

Do we have anything other than verbal condemnation that this Government is doing with regard to South Africa?

Mr. MOOSE. I think that the statements of the responsible officials of the U.S. Government, the President, Secretary of State, other lesser officials such as myself, I think those statements are a significant aspect of policy. We make repeated statements on a wide variety of subjects relating to South Africa, to its internal affairs, and to its external relationships as they affect our interests.

I do not think that one can dismiss statements as being of no consequence. I think the fact that we take a strong, determined, consistent stand, as we do, against apartheid and in favor of change and that we address ourselves to as many aspects of the situation as we do is all very significant.

Indeed, my testimony today in itself is policy. That is part of policy, to state ourselves, publicly and unequivocally.

I think that the South African Government believes that we have a policy—it is a policy that they do not like at all. They would not like the things that have been said this morning, but that is all part of a policy. This is what we say, as well as what we do because, saying is "doing" after all. It is significant. We are saying things with regularity, addressing the kinds of subjects that have not been addressed before.

Mr. GRAY. I would agree that this administration has made public statements that other administrations, for whatever reason, have been reluctant to make and I submit that is good. I am glad that verbal statements are a part of a policy.

What I am asking, is that all of our policy? I understand the public statement, I am well aware of it. But besides the public statements my concern is that we have very little else in terms of substance that we are pursuing—such as the consideration of banning new American investments in South Africa. I am inquiring, other than the public statements that have been made by the Vice President, and the former Secretary of State, and I know you have made them—and I applaud the administration for doing what other administrations have not been willing to do—but besides that, what substantive actions other than public statements are we going to take to address ourselves to on the deplorable situation of human rights violations there?

Mr. MOOSE. I think we have touched on the major actions that we have taken in the course of the administration. I think there are no other items that I would mention, actions that we have taken. I think we touched on them here, and that is it. I think we have covered the list pretty much, the chairman and I had a colloquy on that earlier.

I think these are the major actions which we have taken, I think we have mentioned them all.

Mr. SOLARZ. Will the gentleman yield?

Mr. GRAY. Yes, I will.

Mr. SOLARZ. If I could just follow up on your colloquy here.

Mr. Secretary, why have we not done more than what we have done in the last few years, it is primarily because of domestic political requirements and realities; or is it because of an objective evaluation of the consequences of various actions that might have been taken into judgment, that they would either be harmful in terms of our interests in facilitating change in South Africa, or they simply would not be helpful?

In other words, did our failure to implement any of the conceivable actions we might have taken, is that because on the merits we felt they would not serve any purpose, they would be counterproductive?

Mr. MOOSE. We have not seen situations yet where we felt additional actions—I think of the sort that Mr. Gray is talking about—would have produced a good effect; that is, would have lessened apartheid, would have hastened change. We have not felt that actions were available that were going to substantially affect that situation.

We opposed a number of items of legislation that were introduced and heard on this committee that would have terminated all Eximbank operations in South Africa. We opposed those for basically the reasons I just cited, we did not think it would do any good. We had some other verbiage in there, too. But essentially, we did not think it would do any good, it was inappropriate at the moment. It did come up at a bad time, there was something at a delicate point in Namibia right at that particular moment and that was another reason for opposing it.

But if that had not been the case, I suspect we have have opposed it anyway on the grounds that it would not do any good.

Well, through another legislative route, in effect Eximbank operations were closed down. The Evans amendment did not prohibit them, but it set up a test or a situation there that nobody has been able to satisfy. So, there have not been any more Eximbank operations of any sort.

It has not made a bit of difference, as far as I can see.

Mr. GRAY. What is your assessment, then, of the public statements in terms of having an effect, if none of the other actions that you considered would have an effect? Is the administration's assessment that the verbal statements of the Vice President in Vienna, and your own statements which I have heard very clearly, are having any appreciable effect in bringing about changes?

Mr. **Moose.** I do not know. It is hard enough to measure whether there has been any change at all, let alone try to figure out what it was that may have been instrumental in bringing about that change.

I do believe that it matters a great deal to a lot of South Africans, both black and white, what we say here. I think there are a lot of them that recognize—a lot of black South Africans, I suspect—recognize that there is a great deal that we can do, although I tend to believe they think we can do more than, in fact, I think, we can do.

But at any rate, I think South Africans—black and white—pay a great deal of attention to what we say. The sensitivity to what we say is quite remarkable. I think both you and the chairman and Mrs. Fenwick are aware how closely they do follow what we say.

On the one hand they maintain that the United States is irrelevant to their situation, and yet, they really do hang on our words. I think it does make a difference. I do not think they like to be the outcasts of the world, and I think as much as they dislike other things that we say, I think they do pay some attention.

Mr. **Gray.** My concern is, on the one hand the argument is that substantive steps, or other steps, will have no effect. So, it seems to me there must be some consideration being given in the State Department that verbal statements are having an effect. If there is no assessment of those verbal statements having an effect, it seems to be the argument that other actions will have no effect is rather meaningless.

I think that it is important that we publicly send signals through our statements, but at the same time I am just concerned as I look at the three positions that have been articulated in your presentation that they are not substantive; they do not clearly state a policy other than, "We oppose apartheid. We participate in the U.N. ban on arms sales." As one who recently was in South Africa talking with leaders on both sides of government, moderates as well as black leaders, I can agree with you, you are soundly condemned and hated by white South Africans. The moderates are hoping to somehow bring about some change. But I also found in talking with black leaders—those that were not in jail and who were able to talk—that there is a concern that there would be something more substantive done other than the public posture.

Let me commend to you that the administration certainly, I would hope, would consider to take more substantive steps other than public condemnation, which we have had for 3½ years. That we will try to do that.

I have just two more quick questions.

Mr. **Solarz.** Before you proceed, Mr. Gray, now that we have five members here, I would like to put to a vote a motion by the Chair that upon the call of the Chair we subsequently go into executive session in order to receive testimony from the witnesses concerning some delicate questions which they felt unable to respond to in public session.

Mrs. **Fenwick.** I move we go into executive session.

Mr. **Solarz.** I think a rollcall is required under the rules.

Mr. Carson.

Mr. **Carson.** Mr. Solarz.

Mr. **Solarz.** Aye.

Mr. **Carson.** Mr. Diggs.

[No response.]

Mr. **Carson.** Mrs. Collins.

[No response.]

Mr. **Carson.** Mr. Gray.

Mr. **Gray.** Aye.

Mr. **Carson.** Mr. Wolpe.

[No response.]

Mr. **Carson.** Mr. Goodling.

Mr. **Goodling.** Aye.

Mr. **Carson.** Mr. Buchanan.

Mr. **Buchanan.** Aye.

Mr. **Carson.** Mrs. Fenwick.

Mrs. **Fenwick.** Aye.

Mr. **Carson.** Five members present and voting "aye."

Mr. **Solarz.** Mr. Buchanan.

Mr. **Buchanan.** Mr. Chairman, I certainly have no objection to your asking "delicate" questions in executive session; I hope you will not ask any "indelicate" questions.

[Laughter.]

Mrs. **Fenwick.** Those are the only ones worth asking.

Mr. **Solarz.** We will try to exert that admonition. Mr. Gray, we will recess at the second bell.

Mr. **Gray.** As I was saying, I would hope that the administration after 3½ years of sending verbal signals will begin to develop a policy that is more than that.

While I was in South Africa one of the great concerns that was raised by black leaders there, all into the spectrum, from the moderate, to the more conservative, to the more militant black leaders was the U.S. policy with regard to blacks coming to the United States; and South Africa's policy which basically prevents black citizens from getting a passport to come to the United States either to study or to visit.

I would like to ask your comments on that, what is the administration's position on that? Are we doing anything about that; and second, on the exchanges that are taking place, are those exchanges being dictated primarily by the white South African Government, so that their passport policy means that basically whites are coming from South Africa to this country, and a few selected good black folks?

Mr. **Moose.** The latter part of the question is a little easier to answer because it is a little more specific. We have a great deal of difficulty with the South African Government as a result of our efforts to operate an exchange program, a visitors' program.

The U.S. Government selects individuals who they would like to bring here on visitors' grants and they cover the spectrum of South African blacks, Asians and coloreds, whites. We have had a number of instances over the course of the last year or so in which the South African Government has refused to give an exit visa, or to issue a passport to one or the other of these people.

In that way they do seek to exercise, in effect, a veto over persons whom we would have participating in the program. This happens in our governmental programs, it happens also with regard to invitations that private American groups may issue. A consortium, Harvard University and the Institute for International Education, Ford, Carnegie, and so forth, invited a group of distinguished black South Africans to come over to consult with them about a scholarship program. The South Africans will let some come, and they will not let others come. Now, we are talking about some very distinguished people here in the black community—maybe the South African Government does not think they are distinguished, but at least they are too distinguished to get a passport; or they will insist that they take a homelands passport. A homelands passport has no standing in the eyes of any other country in the world.

In effect, they are asking these people either to deny their birthright and to give up their South African citizenship, or they do not go to the United States.

This effort, this attempt on the part of the South African Government to control the operations of our programs is one that we simply cannot accept. We have taken this up quite recently in very direct terms with the South African Government. It is the sort of situation which we do not believe can be allowed to go forward, at the same time that the South African Government conducts its own information programs with the complete freedom that our society and our law offer.

Mr. **Gray**. What is our position toward that policy which is obviously restricted; obviously discriminatory; obviously does not correlate with our public statements? Is our policy one that would allow that?

Mr. **Solarz**. Could you respond in 1 minute to that, Mr. Secretary?

Mr. **Moose**. We reject what lies behind the actions that they are taking here. We have to find a redress for it because it is something that they are doing that is within their jurisdiction and is difficult for us to get at. But the question of reciprocity obviously arises.

Mr. **Gray**. Well, I would just suggest before we break that if we want to correlate our verbal statements with our actions, it seems to me that if we are opposed to apartheid, how can we let in white South Africans and selected blacks who are selected by white South Africans and have a discriminatory homelands policy. I think that ought to be ended.

Mr. **Solarz**. The committee will recess for 10 minutes, and then I would hope to be able to wind up here in approximately half an hour.

[Whereupon, a short recess was taken.]

Mr. **Solarz**. The hearing of the subcommittee is called to order. The gentleman from Pennsylvania has a very brief statement to make.

Mr. **Gray**. Yes, I just wanted to say in conclusion to the question that I had asked Mr. Moose was that when I was in South Africa and spoke with the wide range of black leadership there, one issue that they all agreed upon was that we need to take a very strong look and a positive standpoint on South Africa's restricted passport policy. I certainly hope that in light of the statements of verbal opposition to apartheid and the human rights situation, that is clearly is a violation of that.

Second, that we ought to reconsider when we need to even have such a program if it is being controlled by the South African Government. Thank you, Mr. Chairman.

Mr. SOLARZ. Mr. Secretary, we have a problem, I have to be on the floor immediately to offer a substitute to the Obey amendment on the budget resolution, but I would like to continue the hearing and, if possible, reschedule it for later today.

Would 3 o'clock be a possibility to you? I figure we need about another half hour to 1 hour in both public and private session. Mr. Kramer, I would hope you could be present, also.

Mr. MOOSE. Surely, Mr. Chairman, I can do that.

Mr. SOLARZ. I would like to ask the staff to see if we can get H-236 for the hearing. If that is not possible, we will resume it in some other room. If you can let them know where you can be reached, so you can be contacted; and if the staff can let the members of the subcommittee know in what room the hearing will be resumed. The hearing will be resumed, then, at 3 o'clock.

[Whereupon, at 12:55 p.m. the subcommittee adjourned.]

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# U.S. POLICY TOWARD SOUTH AFRICA

## Reform: Real or Cosmetic

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TUESDAY, MAY 6, 1980

House of Representatives,
Committee on Foreign Affairs,
Subcommittee on Africa,
*Washington, D.C.*

The subcommittee met at 10:10 a.m. in room 2255, Rayburn House Office Building, Hon. Stephen J. Solarz (chairman of the subcommittee) presiding.

**Mr. Solarz.** The hearing of the subcommittee will come to order. Today the Subcommittee on Africa will be holding the second in a series of hearings on U.S. policy toward South Africa. This morning's session will focus on the question of economic, political, and social reform in South Africa.

Since the Soweto riots of 1976, the South African Government has initiated a number of very highly publicized changes in its policy toward black South Africans. Through the Wiehahn Commission report, black unions have been granted official recognition and have been allowed to organize and negotiate with private companies. Many aspects of South Africa's system of petty apartheid have been modified or scrapped altogether. For the first time, black urban families have been allowed to purchase homes in urban areas on a leasehold basis.

The Reikert Commission has recommended a major overhaul of the oppressive pass law system which will probably be adopted shortly by the South African Parliament. Curriculum reform, one of the principal causes of the Soweto riots, has also been completed in most black schools. And finally, the current government of Prime Minister Botha has continued to make noises about the repeal and elimination of such bedrock apartheid laws as the Immorality Act and the Mixed Marriages Act.

Despite these changes in South African policy, a significant debate rages around what these actions really mean. Some argue that they are cosmetic and do not in any way loosen the domination and grip of South Africa's 4 million whites over the country's 19 million blacks. Nor do they open the door to greater black participation in the country's white-only political process.

Rather, as these critics argue, these changes only modernized South Africa's apartheid system, discarding those elements which are unnecessary and likely to cause friction between the races. On the other hand, some argue that these changes are genuine and meaningful and represent the beginning phase of what may turn out to be an evolutionary reformation in South Africa's divided and increasingly polarized society.

To examine whether these recent changes in South Africa are superficial or substantive, the subcommittee has invited three distinguished academic experts to share their views on this complex and important subject. This has profound implications for the future American policy toward South Africa.

Our first witness is Mr. John Seiler, editor and publisher of the Seiler Report, a fortnightly newsletter on southern African issues in U.S. politics and the author of a recently published book on southern Africa since the Portuguese coup.

And our second witness is Mr. Robert Price, professor of political science and international relations at the University of California at Berkeley. Mr. Price is an expert on various aspects of South African policy and recently testified before this subcommittee on the issue of the strategic importance of South Africa to the United States. He has also graduated from Midwood High School, an institution in Brooklyn from which the chairman of this subcommittee graduated as well, many moons ago.

And our final witness is Mr. Jeffery Butler, professor of economics and political science at Wesleyan University. Mr. Butler is the author of a number of articles and books on South Africa.

Gentlemen, I gather you all have some prepared testimony. I hope that you will feel free, and in fact will summarize it for the committee so that we can have the maximum amount of time for an exchange during the question period. I hope each of you will confine your oral presentations to approximately 10 minutes.

Mr. Seiler.

## STATEMENT OF JOHN SEILER, POLICY CONSULTANT AND AUTHOR

Mr. SEILER. Thank you, Mr. Chairman. I appreciate this opportunity to testify before the Subcommittee on Africa. I should make a geopolitical note of my own. I was born in the Bronx, which I realize is not the same as Brooklyn, and now live in Poughkeepsie, very close to the Hyde Park home of Franklin Roosevelt, in whose life and political approach you have taken considerable interest, I know.

More to the point of my present testimony, I taught political science at Rhodes University in South Africa from June 1972 to December 1976 and returned to that country for a few months last year under a Ford Foundation grant to examine governmental response to external pressure.

I take the mandate of my testimony today and the written testimony I have already submitted to speak to one central question: Is there constructive change taking place in South Africa today? My answer in brief is "Yes."

I was pleased to read a recent article by Alan Paton, an unflinching critic of apartheid for three decades, in which he comes to the same conclusion. What he calls an Afrikaner awakening typified by the Prime Minister P. W. Botha, "may be too late and too slow, but I do not believe it is cosmetic, tokenistic, intended to deceive."

That is from the Star Weekly of April 26.

As I see it, the heart of the current change is a marked shift in attitude to a greater flexibility on the part of government leaders, some senior officials and many businessmen and academicians.

That shift has been brought about by the cumulative impact of three distinct recent events: the 1973 Durban strikes which came during a South African and worldwide recession, the aftermath of the South African intervention in Angola in 1975, and the 1976 urban unrest, which of course started in Soweto.

Although the policy framework of the present government is often called self-reliance, its intention is not self-isolation on the Cambodian model but a reduction of South African dependence on any single government or economic partner, a tendency which was in fact well underway before P. W. Bohta came to government, starting in the early 1970's and resulting in striking diversification of South African trade, foreign investment, and military purchase sources.

The government intends, and there should be no bones about this—it certainly makes none—to preserve the Afrikaner community and its distinct political and cultural institutions. But it tacitly acknowledges that all other spheres of public life are negotiable.

As one Afrikaner editor recently put it—this is Harald Pakendorf, editor of Die Vaderland, on the 31st of December last year;

> Where we work, buy, engage in recreation and sport is already to a large extent mixed, and it will become more so. Public transport will follow the same way, some residential areas and private schools, also universities and technical schools here and there as well. It will be a period where mixing will be the normal thing and segregation the exception. Politics, residential areas and schools will eventually be all that we shall be able to retain for ourselves.

To put that in context, I should note that neither Mr. Pakendorf or his paper are radical or liberal by Afrikaner standards. I think he's a reasonably representative editor of a reasonably typical Afrikaans language paper.

Several basic premises have emerged in the policies of the P. W. Botha government since it took office in September, 1978. Especially in defense and internal security policy areas, you see the emphasis on increased self-reliance. Continued real economic growth is seen as a sine qua non for social stability, and at the same time this stabilization of an urban black working middle class is now widely acknowledged to be a central factor in the achievement of that economic growth.

Finally, enchanced coordination and effectiveness in government policymaking and implementation of policy, and in the private sector as well, is recognized now as necessary to make optimal use of human and material resources.

Changes in government structure and to a lesser extent in government personnel have been the most striking manifestation of this official commitment to these policy premises. These are all discussed in some detail in my paper, but I just want to suggest here the cumulative nature of these things. When I was in South Africa last in early 1979, they were just beginning but they were recognizable. There's been no halt in that restructuring of government. We're now at a point where the departments of government are being rationalized down to 15, where a series of top level appointments have been made, although to my disappointment they are almost entirely men who have already been in government for a long time. Nonetheless what I'm suggesting is that it seems safe to say there is a continued momentum in the restructuring of government with the aim of improved coordination and efficiency in government performance.

Needless to say, that coordination and efficiency need not result in greater constructive change. And that's the point I hope you may want to ask me about subsequently.

Policy changes have also been abundant, as the chairman has pointed out, but I think they're both more difficult to observe and inevitably more difficult to assess, particularly since we're talking about a relatively short period of time.

One of the complicating factors is the role of commissions in national party politics. There are old jokes about commissions. I can't really think of an American equivalent, but there are commissions that have been going on for decades in South Africa, which perhaps just as well are never brought to public attention.

Even when I was there, the Government, despite its commitment to coordination, wasn't aware of the fact that it's the commissions which play this crucial preliminary role in policy change, were not really coordinated. And it seems to me only in the last few months that there has been some inclusion in coordination of commission activities.

And obviously, the failure to do that means a slowness in the process of policy change.

I talk in my written testimony about a number of policy areas as symptomatic of overall commitment to policy change, and I talk about some of the problems. Here I would just like to say a word about urban black local government, not about social or economic policy for urban blacks but just the political aspect of it.

That policy—urban black local government—rests on a rather remarkable shift, indeed a polar shift in Afrikaner and English-speaking white attitudes about the role of urban blacks. As recently as 1976 it was commonly accepted that urban blacks had a temporary role, or to use the horrible language of South African politics, they were "temporary sojourners" in urban "white South Africa."

By early 1979 it was widely accepted that they had a permanent role. Now, what the details and the parameters of that permanency are to be is obviously what the policymaking is all about, and indeed the politics as well. But there's no question about the reversal in attitude. It's a profound one and I think one that's essentially not going to be turned back.

I believe that the Government has already made considerable progress in the divesting of formal control of local administration to the major urban black community councils. I think it's possible that in the next 3 to 5 years something akin to substantial full local government in our sense of the word will emerge if the Government faces up to and can resolve a number of difficult related problems: Insuring that the councilors who are black in fact serve as the political masters of their civil servants, who are still mostly white; second, that blacks get trained in public administration and don't get siphoned off to work for the large corporations; third, finding major sources of money for basic rehabilitation and longer term development of the black urban centers; and finally, making local governments genuine enough or perceived as genuine enough that respected black leaders will take part and urban blacks generally will vote in council elections.

I should note here something I said in my written testimony, that it appears as of last week that Chief Gatsha Buthelezi has committed himself to take part in the Soweto Council elections some time this year and that Dr. Nthato Motlana is, because of the Buthelezi commitment, now reconsidering his refusal to do so.

Continuing development of urban black local governance is also encouraging related subregional linkages or subprovincial linkages with white communities, on an ad hoc basis to be sure—but in a way that will gradually and incrementally increase the domain of effective political participation.

Now, there are gloomy sides to this. The chairman has mentioned the continued attention to influx control. That is obviously very basic in the Government's urban policy. There is the profound difficulty that Afrikaners have in simply comprehending the demands of urban blacks, which we see as moderate, but which Afrikaners tend to see as radical. And the difficulty, which is a corollary of that, that the Government has in finding urban black leaders that it can communicate with. It tends to find unacceptable any unofficial black leaders, whereas we would, I think, rightly find those unofficial leaders certainly worth having contact with, if not making them primary over the elected local officials.

When one looks ahead and asks whether the momentum of the present policy thrust can be maintained, some things stand in support of momentum: Economic self-interest, the Government's perception of an external threat against which it needs to win black support, and of course the corollary to that, the Government's sense that it can win black support.

All these things matter, and my suggestion is that if any one of those factors fall away, the Government's commitment to continued change will tend to fall away.

Working against the continuation are two overly publicized factors. One is the Treurnicht myth—I really think it is a myth. The Government in fact is not preoccupied with Dr. Andries Treurnicht. It is preoccupied with its parliamentary caucus, of which he is one member. Most of the 133 members of that caucus are not supporters of Treurnicht. They are Verhoudend. That is the Afrikaans word for conservative. They worry, they brood about change, but they're not unalterably opposed to it.

The Government, in order to keep their support, and to avoid the possibility of Treurnicht winning them over, goes through endless rounds of private discussions with them about the implications and the controllability of new policy.

The second constraining factor is officials. I think too their role is caricatured. The recent book "Ethnic Power Mobilized" based on very little research by Heribert Adam and Herman Giliomee, makes them the villians in the piece. I think they're less significant as constraints than the National Party parliamentary caucus, and further it does depend on which department of government you're talking about. There are even some departments that are almost progressive in their overall tone, particularly Finance and Foreign Affairs for historical reasons which are understandable once one looks hard at them.

I don't think a Treurnicht victory is likely. I do think it's possible that the present Government may become more conservative, or less progressive if you like, if it finds that there isn't black response to what it's doing, or if it perceives—because it's not a matter of objective judgment at all—the lack of black response, and/or if international pressures—sanctions—come to bear from the West. And I say this as pungently as I can.

It seems to me that these will tend to move this Government to the right rather than toward a more constructive approach.

If the present approach survives, despite these possibilities, I think sufficient change within 5 years will come about to achieve local black government, major social economic development in most black urban centers, and these ad hoc—or possibly even formalized—subregional linkages between white and black communities that I talked about, which would be focused on administrative services, labor training and utilization, industrial and commercial development, that kind of thing. These would not be political entities but administrative ones.

The process leading to these goals will not be free of conflict, even violence, and the instinctive Afrikaner distrust of unpredictable and uncontrollable social changes will repeatedly come into play. Nonetheless, I believe much can be done by sympathetic observers to help articulate and even to ease this difficult process. Aid to urban development, to black education, and ideas about both will become increasingly pertinent.

Whether there's a role for the U.S. Government is another matter. I frankly think the U.S. Government is not in a position at this time to play a constructive role in this sort of change process because of the very low stage of our bilateral relations with the South African Government. But for the conceivable future, at the risk of sounding heretical, I don't think it really matters. I think there are so many roles that can be played of a constructive and critical nature by nongovernmental actors that I'm willing to give our Government 3 to 5 years to work out a more constructive policy.

Thank you, Mr. Chairman.

[Mr. Seiler's prepared statement follows:]

## PREPARED STATEMENT OF JOHN SEILER, POLICY CONSULTANT AND AUTHOR

### WHAT IS THE NATURE OF CHANGE IN SOUTH AFRICA?

**Introduction**

**The central question posed by this hearing, and indeed for the entire series of hearings on South Africa, is this: is constructive change taking place in that country? If so, is it likely to continue and even to expand, and what can be done by concerned governments, corporations, and private organizations outside South Africa to encourage its continuation and expansion?**

**My own assessment is that substantial change is taking place, most of it focused on urban blacks--with far too little happening vis-a-vis either Coloureds or Indians--and most of it economic and social, rather than political, although the emergence since 1977 of urban councils for most black townships in the Republic may mark an irreversible step toward effective black local governance. At the same time, in order to maintain the general framework of separate development, the South African government is making serious efforts to slow the influx of rural blacks into urban centers and is implementing with extraordinary constraint its well-publicized exercises of accomodation in Crossroads and Fingo Village. Less encouragingly, South African internal security policy and regional defense policy are now more effectively coordinated, so that repression of internal opposition and military reaction against regional attacks can be made more quickly and with greater thoroughness.**

**The key to continued change may be the change in attitude on the part of the present South African government, senior officials, and business leaders. Flexibility (relative not to American standards but to the rigidity which previously dominated South African public life) impelled by calculations of communal and national self-interest now dominates government policy-making, but those men who share this trait still have only a precarious grip on political power. They must repeatedly persuade the skeptical majority of Afrikaners and fend off the efforts of the verkrampte element in the governing National Party--its ideological, dogmatic right-wing--to woo away their tentative support for present government policy. In addition, they must overcome quickly their own accumulated cultural baggage: a lifetime of upbringing, formal education, and public activity in an ethnic community and a larger society which still encourages extraordinary deference to established political and religious authority, which puts very little positive value on intergroup contacts (except in the condescending relationship of colonizer to the colonized), and which remains profoundly distrustful and even fearful of uncontrollable and unpredictable social change. While most Americans pay at least lip service to the virtue of public articulation of value conflicts and to their peaceful resolution by mutual accomodation, most Afrikaners (and indeed most South Africans, black as well as white) are oriented by communal values (reinforced by South African legal restraints) to perceive conflict as bad, even evil, with the only acceptable mode of resolution via "dispensation" by established public authorities.**

**What are the origins of the substantial change now underway in South Africa?**

In the past six years, since the 1974 strikes of black workers in Durban and nearby Natal industrial centers, strikes which came near the low-point of a prolonged recession, Afrikaner leadership has become increasingly concerned about the stability and the ultimate survival of the Afrikaner community and of the modern industrialized economy on which Afrikaner prosperity rests. In addition to the strikes, the 1975 South African intervention in Angola and the 1976 urban riots were crucial in shaping the present leadership attitude.

Setting out the stimuli for change should not imply that some coherent governmental decision was made to redirect the course of policy. To the contrary, the last two years of the Vorster government were extraordinarily inertial and incoherent--even by the standard of a prime minister who had exercised minimal control over the activities of his cabinet colleagues. In reaction, after Soweto, members of the South African Defense Force general staff sent a memo to P.W. Botha (then defense minister) implying that some form of military takeover might be necessary to bring about the social-political changes which they felt demanded immediate government attention. Such response as the Vorster government made came fitfully, reflecting the lack of coordination from ministry to ministry. Economic policy was sharply redirected by Dr. Owen Horwood to end recession and increase economic growth. The much-maligned Dr. C.P. (Connie) Mulder, in his role as Minister of Plural Relations, took the first steps to give permanence to urban blacks: the replacement of advisory councils by community councils with limited policy-making and administrative powers, the enlargement of leasehold rights for housing, and the easing of restrictions on black business activities in urban townships. In the same period, Afrikaner economists--in government, business, and universities--began to focus on the dependence of the economy on skilled black labor and slowly began to make a compelling case for stabilization of an urban black labor force/ middle class. After the Soweto riots, this concern about economic growth became a concern with economic survival, and a number of prominent business leaders came together to form the Urban Foundation to speed the achievement of a stable urban black middle class. Even before P.W. Botha came to government in September 1978, this concern prompted the cabinet to appoint the Wiehahn and Riekert commissions to investigate a wide range of practices and statutes bearing on the urban black worker.

The Angolan intervention brought roughly analogous lessons to SADF general staff and to the National Party leadership. The SADF had fought well and with enough success to leave the general staff persuaded that it could withstand conventional attacks by guerrillas and the Cubans for the foreseeable future. Given the political lesson--that the U.S. government, almost regardless of what party held the Presidency, could not be expected to give effective and continuing support to South African political objectives--the sense of military success was satisfying. Nonetheless, the South African government decided it must finally turn to self-reliance, an attitude which it had often raised in political speeches, but previously exercised only intermittently, because it had always hoped for eventual U.S. support. Once the Carter administration launched its critical rhetoric in the first months of 1977, the South African government was absolutely sure that self-reliance was appropriate. No longer would it let a sentimental attachment to the U.S. or the West obscure a precise calculation of its national self-interest.

The SADF contributed two other elements to the policy framework of the P.W. Botha government. One was its concern with systems management (it was the first government department to give attention to this approach), which manifested itself in a preoccupation with enhanced coordination and efficiency in policy initiation and implementation throughout the government. The second was its conviction that its own civic action programs in the Caprivi Strip and the Ovambo and Kavango areas of northern Namibia could serve as a prototype for extensive programs throughout the Republic to win black support for South African policies.

### What are the basic premises of present policy?

There are four basic premises to all policy in the P.W. Botha government: continued commitment to political separate development (and to a lesser extent to social separation); increased stabilization of urban blacks in an integrated industrial economy; increased self-reliance in all aspects of military and internal security planning and operations; and improved coordination and efficiency by both government and the private sector in the use of human and material resources. In order to assess the implementation of these premises, it is necessary to look closely at those changes in both government structure and in policy which have taken place with extraordinary speed (by previous South African standards) since September 1978.

### What are the basic changes in government structure?

The most striking changes since P.W. Botha came to power have been in government structure and in senior official personnel. These changes have successively accumulated and have such widespread support in government and in business that it seems unlikely that they would be reversed even if a government came to power with priorities and attitudes very different from those of the present one.

At the cabinet level, the most striking change has been the replacement of the casual and inefficient Vorster pattern with a system in which close political allies of the prime minister (Koornhof, Schlebusch, Horwood, among others) chair cabinet committees responsible for policy initiation and coordinated implementation. The key link is between these men and P.W. Botha, and it appears that the full cabinet (with its *verkrampte* minority) will play a dwindling role in overall policy-making. The prime minister himself chairs a revitalized state security council, and although he also holds the portfolios of defense and national security as well, the appointment for the first time of a deputy minister jointly responsible for the ongoing operation of both departments ensures effective control and improved coordination of what under Vorster were occasionally competitive departments. The dormant prime minister's department has also been revitalized. It secretary has a larger staff to carry out the central responsibility of ensuring the effective coordinated implementation of government policy.

The public service commission, with the novel involvement of three prominent business leaders, recommended an overall rationalization of the departmental structure of government. In a series of steps, the total number of departments will be reduced from over thirty to fifteen. To symbolize the longer-term commitment to improvement of public service performance--which has suffered by comparison with business--the departments will be headed not by secretaries but by directors-general, whose salaries will be comparable with industrial wages. But the specific appointments announced reflect a near-total lack of innovation. All but one of the new senior officials will be drawn from the ranks of long-term government employees. In at least one instance--Koornhof's Department of Cooperation and Development--the director-general will be a relatively conservative man who will replace an individual appointed by Koornhof in late 1978 to signal a personal commitment to change in departmental policy. The sole appointment made from outside government is even more perplexing. To serve as director-general for national security, P.W. Botha appointed Dr. Lukas D. Barnard, a young academic political scientist, with little standing in the small South African community of international relations specialists. He has written repeatedly about the moral and religious justification for the use of force in international relations and, more particularly, is the first South African analyst to make a public case for the development and actual resort to nuclear weapons. It must be assumed that the prime minister and the deputy minister for defense and national security find his views compatible with their own and perhaps also feel more comfortable with him than they would with other Afrikaner academicians of more flexible views.

What are the basic changes in government policy?

Policy changes themselves are more difficult to characterize, partly because they are still in preliminary stages and partly because policy-making in South Africa is a process essentially closed to public attention--even in the Afrikaans language press. There is still another factor, peculiar to parliamentary systems--the reliance on commissions to establish the groundwork for subsequent policy initiatives by government. Despite the evident sense of urgency expressed by cabinet members and senior officials, so far little inclination has been shown to hasten the deliberations or to facilitate the work of existent commissions. Typically, the Cillie commission investigating the causes of the 1976 urban unrest presented its report only in early 1980. Mr. Justice Cillie served as a one-man commission with modest legal and secretarial assistance. The Browne commission (the former secretary for finance, again serving as a one-man commission) was appointed before P.W. Botha became prime minister to investigate the crucial issue of financing black and white local government and has yet to report. The Riekert commission was also a one-man body with very limited staff support. The multi-member Wiehahn commission may represent a new model, with its multi-racial membership, its chairman's careful attention to prospective political reactions, and its staff support, but nonetheless since it gave the government its first report in April 1979 no futher reports have been presented of the five or six promised. In early 1979, there was no evident coordination among commissions dealing with related policy problems--most strikingly, the Wiehahn and Riekert commissions had no contact with each other and Dr. Wiehahn learned from me of the existence of a third related committee--the Kleu committee investigating the impact of industrial siting and related statutes to the mobility of black labor! In the last month or two, some tentative signs of government concern with commission processes have cropped up. The Wiehahn commission is being prodded to complete and submit the balance of its reports. The government intends to correlate the findings of the Browne commission with those presented on an interim basis by another commission investigating autonomous local authorities for Coloureds.

Because certain policy areas--defense, internal security, nuclear policy, and those aspects of international trade, international finance, and industrial development involving existent or potential sanctions are handled with extreme secrecy and protected from media attention by a panoply of statutes, very little can be said about any changes in policy under the P.W. Botha government. It is safe to assume that increased coordination and improved use of resources are crucial considerations here, but, in a less articulate way they characterized sanctions-related policies in earlier governments as well. If nothing else, the domain of policy inclusive to this framework--and therefore the preoccupation of the state security council--is probably growing. For instance, it was not until 1977 that the department of finance began to monitor South African resort to foreign capital sources. That originally informal coordinating mechanism has since become a formal inter-departmental committee undoubtedly linked to the cabinet-level state security council.

Nonetheless, there have been signs of change in both defense and internal security policies. In defense policy, self-reliance is found in the South African disavowal of a role defending the Cape sea route. Instead, coastal and harbor defense is now the primary focus, with training and naval vessel procurement reflecting this shift. In security policy, greater coordination among the SADF, the security branch of the South African Police, and the Department of National Security is implicit in the assignment of senior generals from military intelligence and the security police to the DONS staff. Concern about police training, pay, and perquisites--long a concern of the political opposition parties--has recently been raised by the government. At the same time, undoubtedly to secure greater public support for the police in expanded anti-guerrilla activities, another one-man commission was recently appointed to evaluate existent statutes dealing with internal security for both equity and efficiency.

Economic policy and labor policy will be dealt with at length in other testimony, so in this context it suffices to acknowledge the South African government's genuine commitment to a reduction of the overall governmental role in the economy and in the regulation of labor. At the same time, the government intends to make business more responsible for policy implementation (but not for policy determination). This pattern is especially apparent in labor policy. The government left it to business to adopt a code of labor practices via the Urban Foundation and SACCOLA. During the brief, but dangerous illegal strike by white miners at Okiep in March 1979, the government took no public stance or action, but instead left reaction entirely to the Chamber of Mines. More recently, the government is leaving to business initiative in the encouragement of registered unions for black workers, probably calculating that business conservatism at least matches its own and that business will encourage mixed white and black unions as against black unions, in hopes of channeling and limiting the political and economic aspirations which might be voiced in black unions.

The dilemma for government was demonstrated during the black worker walkouts at the Ford Motor Company plant in Port Elizabeth. It effectively argued that it could not leave the worker-company conflict to the statutory remedies it established in 1979 by the decision to detain Thomazile Botha and others under the terms of the Terrorism Act.

Homeland consolidation will also be discussed elsewhere in these hearings. Here I want only to note the discrepancy between the ad hoc accomodations occasionally made by the government--the transfer of Port St. Johns to Transkei, of Alice and Peddie to the Ciskei, and very recently of Mafeking to Bophuthatswana--and the continued inability to achieve any overall consolidation for still-fragmented homelands. There has been no change from earlier governments in this government's resistance to novel suggestions for change in homeland relations with "white" South Africa. The proposal from the New Republic Party-dominated Natal provincial council for some form of overall linkage with Kwa Zulu in order to mitigate the necessity for any further geographic consolidation of that homeland was quickly rebuffed by Pretoria. An equally imaginative plan emanating from the Ciskei-appointed Quail commission for a condominium over rail, road, and other economic infrastructure of utility to Eastern Cape whites, the Ciskei, and Transkei has not yet gotten public response from the South African government. But it would be wrong to assume total denial of these proposals. What is likely is an extended, contorted, and secret process of decision-making, by which the government avoids the appearance of giving way to initiatives made from outside the Afrikaner community and, at the same time, mollifies its own massive reluctant political center.

It is in its overall constitutional policy that the South African government still moves with extraordinary deliberation. Put simply, this is because it will not accept any proposal which suggests power-sharing at the center. In February 1980, the prime minister offhandedly commented in the House of Assembly that consociational mechanisms (which had become in the previous few years the intellectual delight of Afrikaner academicians and pundits) were included in this unacceptable category, along with federal and even some confederal schemes. While the government deserves credit for the tacit burial of its original scheme for a troika of legislatures--white, Coloured, Indian--which in some undefined way would deal with matters of common interest under the overall control of a white state president and for the recent acknowledgment that urban black community councils would in some way be linked to whatever overall constitutional structure finally emerges, there is nothing else constitutionally to be encouraged about. To the contrary, retrogressive steps have been taken in the past several months. Despite the completion of a thorough voter registration, a scheduled election for the Indian Council has been indefinitely postponed. The controversy-wracked Coloured Representative Council--for all its limits, at least an elected body--has been replaced for the indefinite future by a [illegible] council composed of appointed members. The Schlebusch constitutional commission continues to hold hearings, providing for the first time an outlet for black expressions about the ultimate political shape of the country. A Pretoria newspaper mentioned recently the possibility that Schlebusch might recommend dispensing with, or at least minimizing even more the already-limited powers of provincial government, in order to give major urban communities more flexibility to work out local and perhaps even subregional policies together with neighboring black townships. The mayor of Sandton, a wealthy Johannesburg suburb, suggested recently that the neighboring black township of Alexandra (which the government decided a few months ago need not be relocated) should be combined with Sandton in some way in order to make more efficient use of existent services and to enhance its future development. Similar proposals have been made by Afrikaner economists and various Johannesburg businessmen in the past two years for linkages between Johannesburg and Soweto.

The retention of South African citizenship, now under consideration by the cabinet, may be one key to maintaining black support for the evolving constitutional framework. While the government publicly speaks of this consideration in order to facilitate overseas travel for blacks holding homeland citizenship and documents, the tacit dual citizenship involved for blacks could become in time a prototype for the dual citizenship of all South Africans in a federal political system.

Even more important to the overall constitutional development of South Africa to a more just and more stable system is the present rapid evolution of black urban community councils into institutions for effective black local government. The social-economic facets of black urban policy link profoundly to this political facet, because only if genuine and rapid development begins will elite and mass participation in community council elections and local governance become attractive. The structure is now widespread in the country, with more than 140 councils having some degree of administrative control over local services. The Soweto Council has moved further than almost all others, to a point at which it controls all local administration with the entire official cadre of more than 1200 people under the direction of the Council--rather than that of the Western Rand Administrative Board. Despite this advance, considerable problems remain. Mass support for the council is unproven--only 8% of eligible voters turned out in the only council election, held some time before administrative powers were transferred. Elite participation remains uncertain, although Dr. Nthato Motlana, of the Committee of Ten, has expressed some tentative interest in the Council as an outlet for immediate black concerns and Gatsha Buthelezi has very recently committed his Inkatha movement to contesting council elections to be held later this year. Planning for Soweto development is still at an early stage, although it builds on the stimulating basis of some preliminary analyses by the Urban Foundation and a general overall plan, Ecoplan, developed by a group of Johannesburg planners, architects, and business leaders. The government has appointed Louis Rive, who has just resigned his job as postmaster-general, in which he was eminently successful as an administrator, to put together a comprehensive development plan as the basis for government planning and to do so before the end of 1980. Financing both operations and capital development will remain a sore point until the report of the Browne commissions becomes available. For the time being, the government falls back on established policy--that all local costs (except for education and health, but including transport, sewage, and other municipal services--and even housing) must be financed by local revenues--increased taxes or rentals. If the Browne commission puts forth the principle that the national government holds some financial responsibility for urban development in Soweto and other black urban townships, then the prospects for rapid development will increase. In turn, as Soweto development grows, cooperative arrangements with Johannesburg will become more achievable.

Two shortcomings--one present, one potential--of urban black policy must be recognized. First, the South African government has made clear repeatedly that it will not under any circumstances accept untrammeled rural black access to urban areas in "white" South Africa. Thus, in its formal response to the recommendation of the Riekert commission that the burden of influx control rest entirely on employers and local authorities in providing jobs and housing, respectively, the government cautiously argued that police responsibility for monitoring influx control could not yet end (although Koornhof has begun some experimental surbeys in Bloemfontein and Pretoria toward this eventual end), but at the same time it passed a statute fining employers of blacks illegally present in urban areas. The desperate shortage of rural work makes urban employment attractive, both psychologically and economically, even when prison sentences become an anticipated part of the cycle. In the cities, the enormous shortage of housing means that relatively few potential workers can meet the requirements for legal presence--having both work and housing. Admittedly, Koornhof responded to the inequity inherent [illegible] this situation by granting a three-month moratorium on implementation of the new penalties for employment of illegal workers. During this interval, 84,000 blacks registered and will be permitted to keep their present jobs for one year. If they change jobs in this period, they revert to their illegal status. They may stay on beyond the one year period only if they keep their present job. The human frustration and potentiality for unrest inherent in influx control have not yet been resolved.

The ad hoc decision over the Crossroads squatter camp near Cape Town reflects this same underlying commitment to influx control. The original agreement, painstakingly worked out by Koornhof with influential Afrikaner business leaders and the Urban Foundation in the first months of 1979, apparently gave the bulk of the illegal residents of Crossroads security that their families could stay together although in a different physical location. One full year after that agreement, it appears from parliamentary statements and press reports that present statutory limitations will be largely adhered to. Of the 4700 families at Crosbroads, only 590 families can stay legally, with another 771 (families or individuals) given hardship permission to stay, but with 617 men forced to move to bachelor dormitories, and the remaining families presumably relocated after some negotiation and financial compensation to the Ciskei and Transkei. For those that do stay as families, the present communal leadership will be diluted, if not destroyed, by amalgamation into the single umbrella community council which represents all three black townships in the Western Cape.

The potential constraint involves the government's ambivalency about the business role in urban black development. Even the Urban Foundation with its self-consciously Afrikaner leadership cadre does not have the full confidence of the government. English-speaking businessmen have less entre, when they speak to broader issues of urban development. The business community's instinct for involvement is still in embryonic form, and the government's inherent distrust of interest group participation confines business initiative and reduces its effectiveness as a sympathetic agent for continuing change. Nonetheless, given the long history of almost no broad-gauged interest group activities, the emergence of the Urban Foundation and various other business activities is enormously encouraging. While it is far too early to compare

South African business involvement in urban black policy to the pluralism of interests and coalitions which characterizes U.S. urban politics, the potential for productive and increasingly open involvement is great. Paradoxically, the private admissions of some white businessmen heavily involved in these processes that they cannot sum up the various activities underway--admissions made with some regret, befitting a culture in which openness and unpredictability are novel--are themselves fruitful signs of constructive developments.

What factors enhance and what factors constrain continuing productive change?

The enhancing factors are fewer but important. Economic self-interest is certainly basic and accounts for the widespread support by businessmen, English-speaking as well as Afrikaner, of P.W. Botha's domestic policies. The government's perception that the new policies will ensure black support is also crucial. Finally, if and when substantial numbers of younger men and women with business and overseas experience come into government service, the pervasiveness of flexibility in official attitudes will almost ensure the continuation and expansion of the present policies.

The rationalization of government structure is a neutral factor. Now used to carry out constructive change, it could with equal effectiveness be used to carry out repressive domestic policies and aggressive foreign policies.

The constraining factors need more attention, partly because they are either exaggerated or even caricatured in political analyses. The most important one is the government's perception of how best to carry out its political responsibility to its white electorate. This means to Afrikaners, even though some 30% of English-speaking voters supported the National Party in the 1977 general elections. But the government does not acknowledge its responsibility to Afrikaners in terms of Afrikaner attitudes toward change. A series of surveys have demonstrated that most urban Afrikaners will accept considerably more social and even political change than the present government is prepared to make. The government stubbornly insists that policy change must take place within the institutional mechanisms of the National Party. This means deliberation by the annual provincial and federal party congresses.(It is a significant irony of South African politics that this genuinely democratic federal party functions within a unitary, highly-centralized, and often authoritarian political system.) In the long interims between party congresses, the cabinet depends primarily on continued support from the NP parliamentary caucus. The political significance of the caucus is great. In theory, its vote could replace the government. But in practice this has never happened, and cabinet appeals to Afrikaner solidarity carry great weight within the caucus, as long as cabinet members are prepared to carry on the time-consuming process of prior explanation of proposed government initiatives to leading caucus members, who in turn are responsible for mollifying the remainder of the caucus members. Most caucus members, my own 1979 interviews suggest, are neither verkrampte nor verligte (reactionary or progressive) but instinctively verhoudend (conservative), worried about the implications of policy changes and seeking reassurance from more sophisticated and better-informed cabinet members. Thus, the continual challenge to the government is to speak to this recurrent concern among caucus colleagues that "constructive" policies may in fact be destructive. It is not, as too often portrayed in the press, a matter of directly confronting the verkrampte challenges of Dr. Andries Treurnicht. Although Treurnicht is Transvaal party leader, and therefore holds the nominal loyalty of the 66 Transvaal parliamentarians (of the total of 133 NP members in the House of Assembly), some of these men are firm supporters of P.W. Botha and even cabinet members--Koornhof, S.P. (Fanie) Botha, R.F. (Pik) Botha. The prime minister could lose caucus support, and he almost did so over the Namibian negotiations more than once toward the end of 1978 and in early 1979, but that skepticism about government policy does not automatically transfer into active support for a Treurnicht government. To avert such a caucus reaction over the early 1979 Crossroads plan, Koornhof spent considerable time in discussion with NP parliamentarians from Western Cape constituencies. Finally, despite his occasional speeches, Treurnicht has been effectively encapsulated politically so far. For much of 1979, he served as deputy minister to two P.W. Botha supporters--Koornhof and Fanie Botha--simultaneously, thus minimizing his opportunities to take policy initiatives. When he was finally brought into the cabinet, he was given the innocuous portfolios of public works, statistics, and tourism. Under the departmental rationalization plan, the department of statistics will disappear from ministerial control and tourism will be grouped together with industry and commerce. If Treurnicht is given that portfolio he can hardly harm any basic elements of the P.W. Botha domestic policy.

As already suggested, officials play an important role in holding back the implementation of constructive policies. Sometimes they do so intentionally. Sometimes it is due to their official culture, which until the last year or two gave highest priority to studiously legalistic interpretations of statutes and regulations and no priority at all to urgent implementation in a compassionate way of policies involving blacks. The officials I interviewed professed with genuine conviction their commitment to the new policies, but their attitudes remain hindrances. For example, one senior man with responsibility for urban black housing claimed credit for expediting the 99-year leasehold scheme, while a person outside government intimately involved in encouraging the government to take this initiative perceived him as the principal barrier to the scheme's start.

Other constraining elements are far less important than the caucus or officials. Much too much, for example, is made of the Broederbond's impact on policy. The bluntest disclaimer is to note that almost all members of the present cabinet are Broederbonders. Their differences about policy are reflected in that organization as well as in the cabinet. The Broederbond, along with FAK, the Afrikaner churches, the Afrikaans press, and the Afrikaans-language universities, all try to influence government, but on the whole it is government which plays the active role and these organizations at most a supportive one.

Non-Afrikaners and their institutions have little impact on policy, except that pleas for hastened change from the opposition parties and from the English press may in fact slow the process of policy evolution, because the government instinctively reacts against social-political ideas coming from these quarters and, if it finds them intrinsically attractive, delays its acceptance in order to minimize the suggestion that non-Afrikaners influenced policy change. Owen Horwood is the sole non-Afrikaner in the cabinet--even Verwoerd had two such members in 1961. English-speaking members of the NP caucus--like Denis Worrall--hold increasingly marginal roles with no political future.

Blacks play a central role in the government's present policy, in the sense that governmental perceptions of black aspirations and attitudes underlie a wide range of domestic economic and social policy. But the government remains painfully insensitive to the indignities of everyday life for urban blacks (and even less aware of rural black life) and, symptomatic of this imperception still labels unacceptable any black leadership that emerges outside of the sanctioned political institutions. But in time this view may be shifted by the substantial growth in informal contact between Afrikaners and urban black leaders in the past few years.

Of course, it is the actual response of urban blacks to government policy that will be the ultimate determinant of the success or failure of this policy. Despite occasional surveys which suggest calculated self-interest by urban blacks--a willingness to accept short-term economic and social improvements in lieu of longer-term political rights--I dare not suggest any facile characterization of urban black response at this time. Both the changing responses of significant leaders, like Motlana and Buthelezi, and the less predictable, more volatile initiatives of students need attention. But even the current unrest led by Coloured students apparently has its immediate causes in the palpable shortcomings of their educational facilities and curricula, so that it is arguable that government policy could be made sufficiently responsive to win their tacit support.

Under what circumstances might the present policy approach be slowed, halted, or even reversed?

The substitution of a Treurnicht government for a P.W. Botha government would bring a partial reversal of present policy initiatives, but even Treurnicht is unlikely to combat the SADF penchant for coordinative ventures and for civic action or the business-supported economic and labor policies. A Treurnicht government, or the shift to verkrampte attitudes of the present government, would come only if the NP leadership and the bulk of the caucus were persuaded of one or more of several things: continuing accomodation of blacks to the system made no sense, because blacks would opt for a black majority regime if given the opportunity, and they continued to press for that opportunity; comprehensive international sanctions against South Africa, brought because of its refusal to accede to Security Council decisions on Namibia; or a SWAPO electoral sweep in a UN-supervised Namibian election, if South Africa accepts such an election. For a very few days after the traumatic and unexpected (to Pretoria) Mugabe win in Zimbabwe, South African analysts and officials talked in despairful terms about the future of Namibia and their own country. The first conciliatory steps and speeches by Mugabe reversed this pattern and restored the South African faith in the possibility of effective regional accomodation based on practical economic interests.

The consequences of such a shift in perspective would become quickly apparent. Repression at home, the halting of much social amelioration, and the exercise of occasional pre-emptive regional strikes would become commonplace. Any vestigial influence by outsiders would effectively end. South Africa would become the laager so often prematurely and even righteously prophesized.

**If present policy is maintained, what are feasible goals to expect within 3-5 years?**

Within this relatively short time period, the emergence of effective black local government in all but the smallest urban townships seems achievable. The prequisite to that achievement would be major growth in the social and economic infrastructure of these communities with funding primarily from central government revenues, domestic and international bank loans, and corporate investment. Following on effective black local government, although in practice starting very soon, will be a number of ad hoc cooperative arrangements involving black and white communities. Outside the political realm, accelerated progress in black training and employment opportunities is probable. Black participation in unions will pose recurrent difficulties for both employers and government, given their traditional antipathy toward active white unionism and their extra fear of radical black political aims funneling through black unions if denied participation in local government structures.

Although these advancements do not lead automatically to effective political participation at either the regional or national level, their achievement in a relatively short time should abate both the actual frustration felt by blacks and the sense of threat felt by Afrikaners.

**What, if anything, can governments and private interests outside South Africa do to encourage the continuation of present change within that country?**

The U.S. government has negligible influence with the South African government at this time and would almost certainly fail in any effort to establish a productive ongoing bilateral relationship whose intention was to secure continued constructive change. Despite this, corporations, banks, private organizations, and even academicians can make substantial contributions to strengthening the prospects for continuing policy change.

The sole dilemma of this argument for constructive involvement is that to some extent continued South African official change rests on Pretoria's perception of external threat. If that perception should disappear very soon, for instance, then much of the motivation for the present official policies would also disappear. But since that pressure comes from Soviet Bloc regional involvement and support for black nationalist movements, sources not responsive to the ameliorative change now underway in South Africa, a shift in U.S. attitude about current changes in South Africa would not diminish the South African self-perception of having to contend with a threatening international environment. Tactically, it would be mistaken to act in any way that might dispel that sense of pressure before or until domestic change in South Africa has progressed considerably beyond its present locus.

Mr. SOLARZ. Thank you very much. The last time that Brooklyn squared off against the Bronx was when the Dodgers played the Yankees in the World Series back in the 1950's when I was growing up. Since those days cannot be recaptured and are gone forever, we have to transfer traditional animosity between the boroughs at the hearing table here in Washington, so our next witness will be Dr. Price, once from Brooklyn, now, like a rat having deserted a sinking ship, from California, whom I gather probably does not quite agree with Mr. Seiler's somewhat sanguine analysis.

## STATEMENT OF ROBERT M. PRICE, PROFESSOR OF POLITICAL SCIENCE AND INTERNATIONAL RELATIONS, UNIVERSITY OF CALIFORNIA AT BERKELEY

Mr. PRICE. You're right. I won't disappoint you. Thank you, Mr. Chairman.

In assessing the meaningfulness of a reform effort currently underway in South Africa, it is important at the outset to specify the target against which change or the lack thereof will be measured.

In my remarks this morning I will view the core problem against which the significance of any changes are to be judged to be the phenomenon of white supremacy. That is the situation whereby a European minority of 12 percent has complete political domination over an African majority to maintain for itself the position of economic and social privilege.

In recent years it has been commonplace to treat the system of apartheid as if it was synonymous with white supremacy. Thus the phrase the apartheid regime is commonly used as a referent for the political and social system of South Africa. And those seeking fundamental change in that country usually demand an end to apartheid.

However, I believe it is essential to understand that apartheid is but one strategy in maintaining the condition of white supremacy. As such it is only a particular form of white supremacy, and the form can change while the basic condition remains the same. Thus a particular change might be considered a significant alteration in the apartheid system but not in the structure of white supremacy. Indeed, I will try to show in my testimony that current government reforms in South Africa constitute an effort to alter apartheid so as to better maintain white supremacy.

Apartheid, that system of laws and institutions based upon the principle of complete racial separation in all spheres and fashioned by the National Party government after its electoral victory in 1948, was adopted for a complex set of reasons. Extremely important if not central among these reasons was that apartheid offered to the Afrikaner political elite a method for overcoming its most basic political challenge—a challenge built into the very structure of the South African sociopolitical system: How to maintain in perpetuity the domination of a white minority over a vastly more numerous black majority.

The simple demographic realities had always raised very serious doubts about the viability of white supremacy on the southern tip of Africa, but for the white political leadership this problem was particularly vexing in the aftermath of World War II.

The international revulsion against political systems based on racial supremacy which followed the successful fight against Nazism threatened to strain relations between South Africa and the Western Powers, upon whom diplomatically and economically she was dependent. Moreover, the strains were likely to increase, if, as was its intent, the regime took oppressive measures against the increasingly militant well-organized domestic opponents of white rule, could simply from the vantage point of the Afrikaner leadership seeking to maintain white supremacy, the postwar situation posed the basic dilemma: How to suppress the emerging challenge of black political and economic power and at the same time deal with international legitimacy.

Apartheid was an attempted solution to this dilemma. In 1980 it may be difficult to imagine, but the South African political leaders believe that apartheid was a means of resolving the contradiction between their country's domestic arrangement and its international situation—that is, that apartheid would make white supremacy internationally palatable. But there can be little doubt that is specifically how they viewed matters. No less an authority than Prime Minister Verwoerd defended his program by saying:

> We cannot govern without taking into account the tendencies of the world. The political partition of South Africa is not something we would have liked to have seen.
>
> In light of the pressure being exerted on South Africa, there is however no doubt that eventually this will have to be done, thereby buying for the white man his freedom and the right to retain his domination in what is his country.

Ironically, the concerns about domestic security and international legitimation that has led the Afrikaner political leaders to introduce apartheid are the very things that led the current South African Government into declaring opposition to the apartheid system and to modifying at least some major aspects of it.

By the late 1970's it had become clear that apartheid had fallen short of its twin goals of security and legitimation. As a strategy for legitimation, separate development had been a complete failure. On the internal security dimension, the widespread and effective strikes of black laborers in 1973 and 1974, and the Soweto uprising of 1976, dramatically revealed, despite the considerable oppressive apparatus of apartheid, the ability of the black population to make itself felt has been of interest.

They did interact with South Africa's international situation so as to create some serious short-term—potentially long-term—problems for the Government. This was particularly true in respect to Soweto, with the rebellion and suppression galvanizing the Western World. They were far more vulnerable in the 1970's than they had been two decades earlier when apartheid was devised. Strategically, its position had rapidly deteriorated with the collapse of Portugal's African empire and with the eminent end of white rule in Rhodesia.

Economically also, South Africa was far more vulnerable. The industrial maturation experienced during the 1960's meant that her economy had come to depend heavily on access to the international market for capital and technology. That economic expansion required foreign outlets for her manufactured goods. In the wake of Soweto, these vulnerabilities served as restraints.

To summarize, political developments in the latter half of the 1970's provided the Afrikaner governing elite with dramatic evidence of apartheid's weakness as a long-term strategy for the maintenance of white supremacy. Its lack of success in eliminating black domestic opposition made it utter failure to secure international legitimation for the South Africa regime very costly.

Ironically, the apartheid system, which had been devised to make white supremacy in South Africa internationally palatable, had been the very symbol of South African's opprobrium within the international community.

It is within this context that the South African Government has taken to reform the apartheid system. It's within this context that the real significance of these reforms, I believe, should be discerned.

Let me turn to a brief discussion of reforms in four areas. First, in the area of African trade union organizations. As the chairman pointed out in September of 1979 the South African Government announced with great fanfare the granting of trade union rights to African workers. This was a culmination of a process begun with the commission in 1977.

Since the denial of trade union rights to Africans is generally to be considered one of the core aspects of apartheid, the commission report, which recommended lifting the prohibition of registration of black unions, and the Government's implementation have been held by many liberal critics, both domestic and foreign, as a major step toward a more equitable arrangement in South Africa.

However, if one looks carefully at the report and places the labor reform effort in the historical perspective, there is a different perspective on the Government's system. This poses a problem for the South African Government.

Commenting on the growth of unauthorized black organizations, the report states, "The resistance serves as an incentive to foreign labor and political organizations to aid them overtly and covertly." Added to this is the fact that other nonlabor organizations regard these unions as vehicles for change, using them also in matters other than those of a purely labor character.

Thus, the related problems of domestic control, international legitimation were identified by the commission as the reason for seeking modification in the existing apartheid system. Every effort to suppress the existing unauthorized unions has been counterproductive. Instead, it called for bringing black unions under the protective and stabilizing elements of this system and its essential discipline and control.

The commission pointed out to the Government that while on the one hand registration would enhance the organizational capability of the unions, on the other hand it would provide a government with significant means of control, a situation which the commission viewed as decidedly superior to the existing situation of unregistered and uncontrolled black unions.

Judging by this action, the Government agreed both the overall purpose for the extension of union rights in the current South African context would appear to be the establishment of control over existing unregistered unions in a manner that will at the same time bring South Africa's system of worker rights more into line with international standards.

My second area of reform that I intended to address was influx control but for reasons of time I will leave that to Mr. Butler. I will go to a brief discussion of reform in regard to urban Africa because Professor Seiler concentrated on this and my interpretations are to a great degree somewhat different than his.

As Mr. Seiler pointed out, a central tenet of apartheid is that Africans in what's officially designed as White South Africa are considered only temporary sojourners. Sojourners from the homelands in search of work. Therefore, they have no permanent place in South Africa. And a large portion of apartheid legislation is designed to deny these sojourners residential rights, economic security and political participation.

Like other elements of apartheid, this aspect has proved in practice to be both ineffective and highly costly and consequently has become a target of reform under the Government. By the mid 1970's a significant portion of the national party leadership had come to recognize that the South African manufacturing economy required a very sizable permanent African labor force, and thus the burgeoning black population of Johannesburg could no longer be regarded as a temporary aberration.

Moreover, the official posture towards the African residential areas on the outskirts of South African cities, acting as if they were refugee camps whose inhabitants must eventually be returned to where they really belong, was proving costly on both domestic and international fronts.

In this context, the South African Government has moved away from the traditional apartheid position toward the acceptance of a permanent African population outside the homelands. This is revealed in a series of steps directed to the urban black population, and some of these steps have already been mentioned. The announcement of 99-year leasehold schemes for black townships promises to commit financial resources for housing and education; the announcement that the wives and children for those with legal rights to be in the city would be allowed to live with their spouses or parents in the urban area; the announcement that some restrictions on business and commercial activity by black entrepreneurs may be lifted; finally, hints by the Prime Minister that black townships may be granted special political status, a status with some real administrative autonomy reflect the government's decision to move away from the orthodox apartheid strategy.

At the same time it is essential to note that simultaneously with the announcement of these changes in policy towards urban Africans, the government was publicly recommitting itself to strict limitations on the number of Africans allowed in urban areas under firm enforcement of influx control measures.

It is this combination of improvements in the situation of the African citydweller, with the effort to maintain the basic homeland policy, that reveals the overall implications of the recent urban reform, focused reforms within overall strategy to maintain white supremacy; for these reforms, if fully carried forward, will serve to make the urban Africans of privileged stratum, separated from the rest of the African population by access to economic opportunities, home ownership, freedom of movement, availability of education and a higher general standard of living.

Hypothetically at least, these advantages can be viewed as giving the legally recognized urban African a stake in the stability of the South African system. The emergent black urban-based middle class could be expected to stand against revolutionary activity, since these would be a threat to their newly constructed homes and expanded professional and entrepreneurial activities. They could be expected to be a strong force for the influx control, since the overcrowding and social instability, that come with illegal migration would be a threat to their middle-class, family-oriented lifestyle, the secure jobs, and the property they have managed to acquire.

So relatively, the reforms will serve to create a clash of political, economic and social interests between the city-based Africans and their rural compatriots. An urban-rural cleavage will be added to the ethnic divisions institutionalized within the homeland structure.

Thus, from the vantage point of domestic control, the reforms directed at urban Africans can be seen as simultaneously performing two functions—division and co-optation. From an international vantage point there are gains for white rule as well. General improvement in the political status and standard of living among this group, the most visible portion of South Africa's majority, would serve to improve South Africa's image abroad.

Finally, let me say a brief word about the new political dispensation which has been talked about by our other witness.

During the summer of 1979, national party leaders began speaking of a distinct political status to urban black areas with self-governing authority over matters such as social welfare, housing, education, and the maintenance of law and order to local black urban leaders.

The term city-state has been used in these circles. The Prime Minister has stated that he foresees for the urban blacks "a place in the constellation of southern African states that will become a bulwark against Marxist penetration."

In creating a new political dispensation for urban Africans, the Government will probably move in one of two directions. Either it will group a number of larger urban African townships into another self-governing homeland along the way, officially creating a new ethnic identity, urban black, or it will incorporate urban-based Africans, along with the Indian and colored communities into a new constitutional structure based on parallel but equal communal political structures.

At the same time, the Government's likely to continue to pressure homeland leaders to cooperate in a transition to independence. However, the present Government will probably differ from its predecessors in two respects. First, it's likely to be far more receptive to further consolidations of the fragmented homeland territories, which will necessitate ceding additional lands to the black states and the consequent abandonment of the previously sacred 1936 Land Act.

Second, it is likely to be more willing to live permanently with self-governing homeland status. There are homelands, such as Kwazulu, which have refused independence.

Taking the context of the other modifications in apartheid, the changes in political structure that have thus far been only hinted at suggest a new strategic direction is being taken by the current South African Government. It is opting for what I would call an indirect rule approach rather than separation as a method of maintaining white supremacy. Indirect rule entails an evolution of various financially and politically costly taxes, tax collection, social welfare, the enforcement of influx control, the maintenance of law and order and the like, two political units which are tied and ultimately controlled by the white South African state through economic dependence, financial subsidies and overwhelming inferiority in the instruments of coercion.

There are similarities here to the orthodox development strategy except that indirect rule does not require the political removal of the majority of the population, that is, all Africans from the Republic of South Africa. A certain portion of the African population will remain within South Africa and will be granted a political representation and responsibility, albeit of a limited type.

It is a strategy designed to achieve the co-optation of black leadership domestically and the placating, or at the very least, confusing of opinion internationally. Thank you.

[Mr. Price's prepared statement follows:]

## PREPARED STATEMENT OF ROBERT M. PRICE, PROFESSOR OF POLITICAL SCIENCE AND INTERNATIONAL RELATIONS, UNIVERSITY OF CALIFORNIA AT BERKELEY

As I understand it, the basic purpose of this hearing is to comprehend the meaning of the reform efforts currently being pursued by the South African government in respect to the issue of change in South Africa. How really significant are these recent changes is the way the question is usually put. Discussions of the meaningfulness or significance of government reforms in South Africa are often bedeviled by a lack of consensus regarding what is the real problem that is targeted for change. Is it legally imposed racial segregation, apartheid, or white supremacy? A reform which has a meaningful impact in regard to one of these may be insignificant in altering or eliminating the others.

In my remarks to this committee I will take the existence of white supremacy--the phenomenon of a small European minority (12 percent of the population) maintaining complete political domination over a Black majority so as to guarantee for itself a position of economic and social privilege--to be the core problem in South Africa against which one should measure the significance of current reform efforts. In recent years it has become commonplace to treat the system of apartheid as if it were synonymous with White supremacy. Thus the phrase "the apartheid regime" is commonly used as a referent for the political and social system of South Africa, and those seeking fundamental change in that country usually demand "an end to apartheid." However, it is essential to understand that apartheid is but one, and by no means the only, strategy for maintaining the condition of White supremacy. As such it is only a particular form of White supremacy, and the form can change while the basic condition remains the same. Thus a particular change might be considered a significant alteration in the apartheid system but not in the structure of white supremacy. Indeed, I will try to show in my testimony that current government reforms in South Africa constitute an effort to alter apartheid so as to better maintain white supremacy.

Apartheid, that system of laws and institutions based upon the principle of complete racial separation in all spheres and fashioned by the National Party government after its electoral victory in 1948, was adopted for a complex set of reasons. Extremely important if not central among these reasons was that apartheid offered to the Afrikaner political elite a method for overcoming its most basic political challenge--a challenge built into the very structure of the South African sociopolitical system: how to maintain in perpetuity the domination of a White minority over a vastly more numerous Black majority. The simple demographic realities had always raised very serious doubts about the viability of White supremacy on the southern tip of Africa, but for the White political leadership this problem was particularly vexing in the aftermath of World War II. The global political currents set loose by the war contained potentially serious consequences for White South Africa's domestic and international security. The domestic security threat lay in the forces of mass nationalism which spread, in the early postwar years, throughout the non-Western world, undermining the foundations of European colonial domination. Left unchecked the forces of modern mass nationalism might well be the ingredient that the African National Congress needed to emerge as an irresistible force in South African politics, spelling doom for White rule. Indeed, in the early postwar years the Afrikaner leadership could find considerable basis for such a fear in the increased strength and militancy which was shown by both labor and political organizations that espoused the cause of African rights.

The aftermath of World War II was no more propitious for South Africa's international posture than for its long-term domestic political stability. In the immediate wake of the fight against Nazism, a sociopolitical system based upon racial supremacy and political domination, such as existed in South Africa, did not constitute a very attractive friend or ally for the Western powers. And it was to these Western industrial states that South Africa looked. They were its main trading partners, purchasing South African minerals and selling it manufactured goods; they were the prime source for the new technology and capital needed for South African industrial expansion; and perhaps more important, they were the hoped-for source of diplomatic and military support in the event the country was attacked or subverted from without--most especially by the "forces of world communism." In addition, in a general cultural sense, White South Africans--and the Afrikaners in particular--self-consciously identified themselves as a part of, indeed as a forward outpost of, Western civilization. Now, after the fight against Nazism, South Africa's system of racial domination threatened to turn the country into an international pariah. Moreover, the strains between South Africa and the community of Western nations were likely to increase as the government took repressive measures to deal with the heightened effort for equality and political power being launched by the Black majority.

Put simply, from the vantage point of the Afrikaner leadership seeking to maintain White supremacy in South Africa, the postwar situation posed this basic dilemma: how to suppress the emerging challenge of Black political and eocnomic power and at the same time gain legitimacy internationally. Apartheid was an attempted solution to this dilemma.

Internal security would be enhanced through: 1) reorganization of urban residential patterns so as to insulate the minority White population from potential uprisings by the Black majority and to create the physical conditions that would allow for the effective repression of such uprisings should they occur; 2) "improvement" in the White-Black demographic ratio in what was officially designated as White South Africa as a consequence of enhanced control over the movement of Africans into areas of concentrated white population and economic activity; and 3) elimination of opportunities for effective and autonomous political organization on the part of the Black majority. International legitimacy would be attained through utilising legal definitions to eliminate South Africa's core international problem--the disenfranchisement of the majority of its population on racial grounds. The existing African reserve areas (constituting some 13% of South Africa's territory) would eventually be given the status of independent states by the South African government. Once all Africans within greater South Africa were designated as citizens of one of these states, then those found in the South African core area could be considered temporary sojourners in search of employment. Thus separate development--the metamorphosis of native reserves into sovereign states--would have the effect of legally transforming the members of the African majority into citizens of other independent countries. As such they would have no more legitimate claim to participate in the governance of South Africa than Yugoslav migrants have to participate in the governance of West Germany or Mexican laborers in the governance of the United States. By this means the South African system could be brought into line with the "standards" of Western civilization. Moreover, the entire exercise could be explained, justified, and defended--i.e., sold to the world--in terms of the two values that were at the core of postwar liberalism: equality and self-determination.

In 1980 it may be difficult to imagine that South African political leaders believed that apartheid was a means of resolving the contradiction between their country's domestic arrangement and its international situation, i.e., that apartheid would make White supremacy internationally palatable. But there can be little doubt that that is precisely how they viewed matters. No less an authority that Prime Minister Verwoerd defended his separate development program this way:

> [We] cannot govern without taking into account the tendencies in the world and in Africa. We must have regard to them. . . .
>
> [The political partition of South Africa] is not something we would have liked to see. It is a form of fragmentation that we would not have liked if we were able to avoid it. In the light of the pressure being exerted on South Africa, there is however no doubt that eventually this will have to be done, thereby buying for the White man his freedom and the right to retain his domination in what is his country.

Ironically the concerns about domestic security and international legitimation that led Afrikaner political leaders to introduce apartheid are the very things that have led the current South African government into declaring opposition to the apartheid system and to modifying at least some major aspects of it.

By the late-1970s it had become clear that apartheid had fallen short of achieving its two major instrumental goals--internal security and international legitimation. As a strategy for legitimation, separate development had been a complete failure. The international community had simply refused to accept the program as a genuine exercise in self-determination, and thus not a single country recognized the Transkei when it became an "independent state" in 1976--or Bophuthatswana or Venda when they followed in 1978 and 1979 respectively. On the internal security dimension, the widespread and effective strikes by Black laborers in Natal during 1973 and the "Soweto" uprisings of 1976 dramatically revealed that despite the efforts of the apartheid state to crush black labor and political organizations during the 1960s, the ability of the black population to make its discontent felt had if anything increased. The significance of these events was not so much that they posed a significant direct danger to the internal security of the South African regime, but that they interacted with South Africa's international situation so as to create serious short-term, and potentially ominous long-term, problems for the government. This was especially true in the case of Soweto, where the rebellion and its brutal suppression galvanized the attention of the international public. Soweto and its aftermath emphasized anew and in especially dramatic form the pariah status that South Africa's domestic arrangements conferred upon it within the international community. It revived the whole issue of the international unacceptability of racial rule that Verwoerd had sought to lay to rest through his separate development program, and it subjected South Africa to the type of international pressures that policy was designed to avert. Moreover, South Africa was more vulnerable on the international dimension in the 1970s than it had been two decades earlier when the apartheid program was devised. Strategically its position had rapidly deteriorated. The collapse of Portugal's African empire in 1975-76 and the imminent end to White rule in Rhodesia meant the disappearance of the cordon sanitaire that had previously separated the Republic from the Black-ruled countries to the north. In its place were two, and potentially three, Marxist-oriented African states whose long-term goals would most certainly include the elimination of the White redoubt to the south. Economically also, South Africa was more exposed than it had been in an earlier era. The 1960s had seen the maturation of the South African industrial economy--a process which was based upon large-scale involvement of foreign-owned multinational corporations. This meant that to the existing trade dependence of the South African economy, which was a function of its large mineral export sector, was added the need to maintain ready access to international markets for capital and technology and to foreign outlets for its manufactures.

The international repercussions that followed Soweto struck at these very strategic and economic vulnerabilities. Since the late 1960s the South African government had worked carefully, and with considerable success, to create a cooperative diplomatic and strategic relationship, albeit a non-public one, between itself and the Western powers--in particular the United States. Soweto dramatically reversed this process, producing the greatest diplomatic estrangement of South Africa from the West in that country's modern history. Concretely this meant that South Africa found it increasingly difficult to purchase sophisticated military equipment and so-called "grey area" technology--e.g., civilian equipment such as computers or light aircraft with a potential military use. More important was the psychological impact of its isolation. Recent events in Angola and Ethiopia had raised the specter of future direct intervention by Communist powers in support of attacks on South Africa by neighboring African states or by domestic revolutionaries. The U.S. reaction to Soweto, projected in statements by the President, Vice-President, secretary of state, and UN ambassador, strongly indicated to the South Africans that they could no longer count on the world's great anti-Soviet power even in the event of a direct assault by the Communists. Admittedly this did not constitute an immediate danger, since the African states to the north and the revolutionaries within lacked the capability to launch sizable attacks against it. But a long-term future in which it stood alone against increasingly capable African countries who were closely supported by the military might of the Soviet Union could hardly be contemplated with equanimity by the Afrikaner government of South Africa.

The international economic repercussions of Soweto were felt almost immediately. Like the impact in the strategic sphere, these were not of such magnitide as to threaten the collapse of the existing politico-economic system, but they contained significant short- and long-term constraints on the growth of the South African industrial economy. These repercussions can be classified in three categories:

1. Constraints on Access to Foreign Capital and Technology. During the previous decade and a half, foreign-owned multinational corporations had been very active investors in the South African economy, and their capital and technology played a central role in the modernization and maturation of the South African industrial system.

Following Soweto, the flow of foreign direct investment slowed to a trickle. The MNCs, either because they had doubts about the long-term stability of the Republic, or because they were under pressure from their shareholders or their home governments, or for a combination of these reasons, no longer considered South Africa a particularly attractive place for investment purposes. Some of the largest foreign corporations active in the economy publicly announced that they would not expand their South African investments, and explicitly linked this decision to the country's domestic political and social arrangements. Thus the General Motors Corporation issued a statement that reads as follows:

> The Corporation has no present need for, and has no intention of, further expanding its productive capacity in South Africa.
>
> The single most important factor in the creation of a more promising investment climate in South Africa is a positive resolution of the country's pressing social problems, which have their origin in the apartheid system.

2. Constraints on Foreign Trade. Because the expansion of exports is an important element in the development and growth of the South African economy, political constraints on foreign trade pose a significant threat to the country's long-term economic well-being. This is especially true in the manufacturing sector, which in the last decade has been the most dynamic part of the economy. The skewed structure of domestic income distribution excludes the

majority of the country's population from the market for consumer manufactured goods, and thus foreign markets must be found to provide effective demand for a growing manufacturing sector. Consequently if domestic political affairs threaten to interfere with the ability to export manufactures to foreign markets, it is a matter that cannot be taken lightly by the South African government. The events of Soweto had just such an effect. They gave new impetus to the effort by sub-Saharan African countries to have the United Nations launch a campaign of sanctions against South Africa. Although the chances of an effective total embargo on South African goods are very remote, the mere fact that it is the subject of international consideration has forced the South African government to spend considerable diplomatic time and effort in blocking such an undertaking. Moreover, there were more immediate repercussions in the area of trade. First, short-term commercial credits for trading with South Africa have become more difficult to obtain, and domestic political pressures on the private Western banks and government agencies which provide this credit have threatened a wholesale curtailment of such trade-supporting activities. (The salience of South Africa's negative political image might well produce a degree of consumer hostility toward its products, thus reducing the attractiveness of South African manufactured goods to businesses who could easily switch to alternative sources.) Second, international hostility has led the main oil-producing countires to embargo South Africa, forcing reliance on the "spot market," where the cost is in excess of OPEC prices, and raising questions about the security of supplies over the medium term.

3. "Directed Investment." In the wake of Soweto, various governments, private agencies, and international organizations have sought to encourage foreign companies active in South Africa to conduct their operations in ways that are at odds with apartheid. These efforts have been directed primarily at elements of "personal apartheid"--the desegregation of eating facilities, restrooms, and the like--and economic apartheid: equal opportunities in job allocation and equal pay for equal work. The most far-reaching effort thus far has been produced by the European Economic Community, which in September 1977 announced a "code of conduct" for member country corporations that have operations in South Africa. Most significant among the code's provisions was one calling upon firms to engage in collective bargaining with African trade unions.* The emergence of a trend toward "directed investment"--especially should it continue and evolve an enforcement component--would pose a serious dilemma for the South Africans. A situation would develop in which they might have to choose between the foreign capital and technology they sorely need and the wholesale violation of apartheid laws.

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*Several large foreign firms began moving in this direction on their own as a means of deflecting pressure by dissident stockholders for divestment from South Africa.

In summary: Political developments in the latter half of the 1970s provided the Afrikaner governing elite with dramatic evidence of apartheid's weakness as a long-term strategy for the maintenance of White supremacy. Its lack of success in eliminating Black domestic opposition made its utter failure to secure international legitimation for the South African regime very costly. Ironically the apartheid system which had been in part devised to make White supremacy in South Africa internationally palatable had become the very symbol of South Africa's opprobrium within the international community. It is within this context that the South African government has undertaken to reform the apartheid system. And it is within this context that the real significance of these reforms can be discerned. In the 1950s apartheid was adopted in order to achieve internal security and international legitimacy for the regime of White supremacy, but as South Africa approaches the 1980s, apartheid--or at least substantial aspects of it--is viewed by the White governing elite as a threat to security and legitimation. They are therefore in search of an alternative strategy to secure White supremacy domestically and internationally.

## THE REFORM OF APARTHEID

The reforms that have come in the wake of Soweto affect various aspects of apartheid. For analytic purposes we can view these as representing change in six areas of the apartheid regime.

1. Personal Apartheid. During 1979 and 1980 South African government spokesmen have frequently proclaimed a commitment to the removal of "unnecessary race discrimination." Although little has been done in this regard, what they apparently plan is the gradual elimination of legally mandated racial segregation in the realm of personal and social interaction. The gradual relaxation of enforced segregation in public facilities can be expected, as can the lifting of legal prohibitions against "race mixing" in various social organizations. Even the "Immorality Act," which makes interracial sexual intercourse a criminal offense, may be dropped. This area of reform aims at what is generally referred to as "petty apartheid"--i.e., those laws which perform for the White population a largely symbolic function, emphasizing race distinction as an end-in-itself, rather than directly serving the functions of economic and political domination. Note that the government has not committed itself to ending racial discrimination, but rather to ending unnecessary racial discrimination. By implication then, the government is pledging itself to maintain "necessary" discrimination. Thus "acceptance of the principle of separate schools and amenities" was announced by the Prime Minister along with the "scrapping of unnecessary discriminatory measures" as two of twelve principles underlying his alternative to apartheid. In other words, when segregation or discrimination is more than symbolic--when it enhances the political, economic, and social position of Whites, or when it affects their sense of group well-being--it is deemed necessary and will be retained.

The pledge to scrap unnecessary race discrimination, and any action that follows from it, performs functions for the South African government with respect to three separate audiences at the same time. For the Black population group it eliminates points of friction which serve no purpose other than generating animosity toward the regime of racial rule; for the Whites it provides assurance that the changes introduced will not significantly affect their "way of life"; and most important, for the world community it serves to reduce the stigma of official racism which marks the South African system. Since much of the international criticism of South Africa is focused on its official segregationist practices and on racialist laws like the Immorality and Prohibition of Mixed Marriages Acts, their elimination would not be an insignificant step in creating a more "enlightened" image for the country.

2. African Trade Union Organization. In September 1979 the South African government announced with great fanfare the granting of formal trade union rights to African workers. This was the culmination of a process begun with the appointment in 1977 of a government commission of inquiry into existing labor legislation (the Wiehahn Commission). Since the denial of trade union rights to Africans has generally been considered one of the core aspects of apartheid, the Wiehahn Commission report, which recommended lifting the prohibition against registration of Black unions, and the government action which implemented the report's recommendation have been hailed by many liberal critics, both domestic and foreign, as major positive steps toward a more equitable arrangement within South Africa. However, if

one looks carefully at the Wiehahn report and places the labor reform effort in its historical context, a very different perspective on the government's intentions emerges.

As noted earlier, the failure of the apartheid system to effectively terminate large-scale agitation by African workers posed a problem for the South African government. Not only were African laborers able to mount a challenge to the low-wage system--a challenge that might be extended into the realm of political change--but their strike action drew international attention to the denial of trade union rights in the Republic.

Powerful and strategically placed international and foreign labor unions began to call for recognition of Black trade unions in South Africa, and they were capable of providing material support and leadership training for the fledgling unregistered Black unions that appeared after 1973. Moveover, they were often in a position to threaten costly actions against a South African economy heavily dependent on international trade. An example was provided by the American Mineworkers Union and the dock workers of Mobile, Alabama, who launched a boycott of South African coal in 1974 on the grounds that it was produced by indentured labor. In addition, some foreign companies, on their own or under pressure from bodies such as the EEC, were, in the wake of Soweto, moving toward recognition of Black unions.

The introduction to the Wiehahn report reveals that the commission clearly understood its genesis as based in the existence of these problems and its task as providing a solution to them. The report comments that in recent years unregistered trade unions have grown and "can only continue to grow in strength and importance," and that these unions are enjoying financial and moral support "on a broad front." The report continues:

> The fact that their existence is not prohibited, while at the same time they are not registerable...serves as an incentive to foreign labour and political organisations to aid them overtly and covertly. Added to this is the fact that other non-labour organisations regard these unions as vehicles for change, using them also in matters other than those of a purely labour character. (Para. 1.10).

Thus the related problems of domestic control and international legitimation were identified by the Wiehahn Commission as the reason for seeking modifications in the existing apartheid system. It rejected efforts to suppress the existing unregistered unions as infeasible and counterproductive, and instead called for bringing Black unions under the "protective and stabilising elements of the system [and] its essential discipline and control" (Para. 3.35.5; emphasis added).

The Wiehahn Commission had recognized the "two-edged" character of legalizing the registration of Black trade unions. While on the one hand registration would enhance unions organizational capabilities, on the other hand it would provide the government with significant means of control. As the commission report observes:

> Registered trade unions are under certain statutory restrictions and obligations designed to protect and nurture a system that has proved its success in practice....

> The Industrial Conciliation Act, 1956, provides for matters such as the annual auditing of the trade unions' financial affairs; the maintenance of membership registers; the submission of annual reports, statements of income and expenditure and balance sheets to a meeting of members and to the Department of Labour; the strict control of constitutions and memberships; and a prohibition on affiliation with any political party or to a candidate for election to Parliament, a provincial council or any local authority (Paras. 3.35.4 and 3.35.5).

Moreover, on the Wiehahn Commission's recommendation the government created a new control mechanism--the National Manpower Commission (NMC). This body will consult with the Industrial Registrar on the registration and de-registration of unions, taking into account "a wide spectrum of considerations [including]...the implications for the country as a whole in social, economic and political aspects" (Para. 3.71; emphasis added). Through this and other functions to be performed by the NMC, a mechanism has been created to facilitate the Department of Labour's rapid intervention in union activities regarded as undesirable by the government. Thus at the same time that union rights are being extended, a watchdog on labor has been created.

In sum, then, the overall purpose for the extension of union rights in the current South African context would appear to be the establishment of control over existing unregistered unions in a manner that will bring South Africa's system of worker rights more into line with "international standards."

3. Influx Control and Pass Laws. One of apartheid's primary goals has been the reduction of the Black population within the South African core area. The mechanism designed to achieve this end was influx control, a system based upon two key elements: (1) a requirement that all Africans carry a reference or "pass book" giving detailed particulars regarding their residence and employment and (2) a law prohibiting unauthorized Africans from remaining in White South Africa for longer than seventy-two hours. In practice, influx control has proved not only ineffective, but also exceedingly costly both in financial and political terms. The Black population in South Africa's cities continues to expand, and the number of arrests and prosecutions for pass law violations (5.8 million between 1965 and 1975) provides strong indication that influx control has not discouraged Africans from leaving the impoverished homelands in which they are required by law to live and illegally entering White South Africa. Meanwhile, the financial costs of administering the system have been tremendous. The administration of influx control is estimated to have an annual price tag in excess of $130 million. Beyond the monetary costs, the pass laws have been a constant irritant for the Black population, generating intense opposition to the existing system. Because for all Africans it is a constant reminder of their inferior status, and because it brings the arm of the state directly to bear on so many of them, the pass has become a symbol of their oppression. And because it has historically been the focus of numerous mass protests, and is such a concrete, easily understood symbol of indignity, the pass has become identified internationally as a prime example of the odious nature of the South African system.

Given their lack of effectiveness and high cost, both domestically and internationally, it is not surprising that influx control and the pass laws would be prime targets of the Botha government's "reform" effort. And indeed there are very clear signs that change in this area is on the government's agenda. The current reform effort's bellwether, minister Piet Koornhof, has stated that he "strongly disapproved" of the pass book system and was determined to eradicate it, and that he was in the process of reviewing the whole system of influx control. And, more directly, the report of the Riekert Commission, another government appointed board of inquiry, recommended abolishing the 72-hour rule. As might be expected the commission was not proposing to give up on attempts to control the number of Africans within the South African heartland; rather, as one government publication noted, the question for the commission "was not whether there should be influx control, but what would be the right mechanism for influx control." The mechanism hit upon by the Riekert Commission was to shift the focus of government enforcement efforts from the African population to the White employers of African labor. The commission recommended that penalties on employers who hired "illegal" Africans--those lacking Section 10 rights or special permission to be in a White area--be drastically raised so as to deter such practice. If such penalties were imposed, homeland Africans could have little hope of obtaining employment through unauthorized migration, and without such an incentive presumably they would remain in their designated homelands. The Riekert Commission report represents an important shift in strategic thinking among top circles in the South African government.

"The accent," one Afrikaans newspaper commented enthusiastically, "has in important respects been shifted from central control to control by the people who have to live with their decisions." In other words, the underlying principle of the Riekert Commission recommendation is the devolution of the control functions to agencies outside the central government structure (i.e., employers), thereby reducing both the budgetary and political costs to the government of its influx control program.

4. "Urban" Africans. A central tenet of apartheid is that Africans in what is officially designated as White South Africa are only "temporary sojourners" (from the homelands) in search of work, and therefore have no permanent place in South Africa. A large proportion of apartheid legislation is designed to deny to these "temporary sojourners" economic rights, residential security, and political participation. Like other elements of apartheid this aspect has proved in practice to be both ineffective and costly, and has consequently become the target of reform under the Botha government. By the mid-1970s a significant portion of the National party leadership had come to recognize that the South African manufacturing economy required a very sizable, permanent African labor force, and thus the burgeoning Black population of cities like Johannesburg could no longer be regarded as a temporary aberration. Moreover, the official posture toward the African residential areas on the outskirts of South Africa's cities--i.e., acting as if they were refugee camps whose inhabitants must eventually be returned to where they really belonged--was proving costly on both the domestic and international

fronts. Domestically, the lack of amenities available to the urban African population, the efforts to expel large numbers of urban residents into the poverty-ridden homelands, and the general climate of insecurity created and manipulated by the government produced intense alienation. And the nature of urban life meant that this alienation could relatively easily be translated into political opposition. Moreover, because of the proximity of the urban areas to the international communication system, the existence of this alienation and opposition could be instantaneously and graphically transmitted to the outside world. (This was a prime lesson of Soweto.) Beyond this, a policy which forced vast numbers of South Africa's African population to leave their homes and take up residence in a "country" with which they had no psychological or social connection, and in which the means of earning a livelihood were severely limited, provided an easy target for South Africa's international critics.

In this context the South African government has moved away from the orthodox apartheid position toward the acceptance of a permanent African population outside of the homelands. This is revealed in a series of steps directed at the so-called "urban Black" population. These steps include:

(1) A decision not to demolish Crossroads, a squatter shantytown of twenty thousand outside of Cape Town which exists in violation of the Group Areas Act, and the abandonment of plans to move Black families out of Alexandria, a suburb of Johannesburg.

(2) Announcement of a 99-year leasehold scheme for Black townships. (Previously security of home occupancy for Africans could only be obtained in one of the homelands.)

(3) Promises to commit substantial new resources to the improvement of amenities, such as housing and electrification, in the Black urban townships.

(4) Announcement that the wives and children of those with legal rights to be in a city will be allowed to live with their spouse or parent in the urban area. (Previously they were required to remain in the homelands.)

(5) Announcement that some restrictions on business and commercial activity by Black entrepreneurs will be lifted, easing the limits on the size of Black-owned shops and the restrictions on areas in which Blacks can operate businesses. The possibility that Black entrepreneurs will be permitted to operate in "White" areas has been hinted.

(6) Appointment of multiracial regional commissions to advise the government on the problems of Black people in urban areas. (This represents perhaps the first time since the initiation of separate development that the government has acknowledged a role for Africans in the formation of policy regarding White South Africa.)

(7) A visit by Prime Minister Botha to Soweto. (This event, carried out with the fanfare of a state visit, marked the first occasion when a South African head of government officially set foot in a Black township. The extraordinary attention paid to it by the government and media in South Africa suggests that it was invested with great symbolic significance.)

Although they are largely still-to-be-implemented promises, in the South African context these steps--all taken within a short period of time--reflect a government decision to move away from orthodox apartheid strategy. At the same time, it is essential to note that simultaneously with the announcement of these changes in policy toward urban Africans, the government was publicly recommitting itself to strict limitations on the number of Africans allowed in urban areas and to firm enforcement of influx control measures. It is this combination of improvements in the situation of the urban-based Africans with the effort to maintain the basic homelands policy that reveals the overall implications of the recent reforms within a strategy of White supremacy. For these reforms, if fully carried through, will serve to make Africans with Section 10 rights in the cities a privileged stratum--separated from the rest of the African population by access to economic opportunities, homeownership, freedom of movement, availability of education, and general standard of living. Hypothetically at least, these advantages can be viewed as giving the legally recognized urban African a stake in the stability of South Africa's capitalist system. The emergent Black urban-based middle class could then be expected to stand against revolutionary activities since these would be a threat to their newly constructed homes and expanded professional and entrepreneurial activities. They could also be expected to be a strong prop for influx control, since the overcrowding and social instability that come with illegal rural migration would be a threat to their middle-class family-oriented life style, their secure jobs, and the property interests they manage to acquire. Correlatively the reforms, limited as they are to those with Section 10 rights, will serve to create a clash of political, economic, and social interests between the city-based Africans and their rural compatriots. An urban-rural cleavage will be added to the ethnic divisions institutionalized within the homeland structure. Thus from the vantage point of domestic control, the reforms directed at urban Africans can be seen as simultaneously performing two functions--division and cooptation. From an international vantage point, a general improvement in the standard of living among this group--the most visible portion of South Africa's Black majority--would serve to improve South Africa's image abroad.

5. "A New Political Dispensation." Of all the areas of reform, the government's intentions in regard to South Africa's political structure are the most murky. While a commitment to "a new political dispensation" which will include "full political participation for all within a plural setup" has been proclaimed, the specifics of this new "plural" structure have not been set forth, and may not yet be worked out. However, on the basis of various statements by the Prime Minister and inferences drawn from recent government actions, it is possible to speculate on the broad outlines of the strategy that is now evolving.

The first indication that alterations in political structure were on the agenda came with the announcement in 1977 by then Prime Minister Vorster of proposals for a new constitution. These proposals envisage the creation of three separate parliaments--one each for the Indian, Colored, and White population groups--which would have legislative responsibility for affairs within their own communities. In addition it was proposed that an office of State President be created which would be served by a cabinet in which all three groups would be represented, but in which the White group would be guaranteed a dominant position. This reform was met with less than enthusiasm by the leaders of the Indian and Colored communities, as well as by international opinion (at whom it was also directed). The fact that the proposed constitution would not fundamentally alter the White group's ability to control affairs in "their own area"--i.e., in the South African economic and geographic heartland--was an important element in its negative reception. Equally, if not more important, however, was the fact that the constitutional reform continued to exclude all Africans from political participation, and therefore represented a continuation of apartheid policies. In particular, the domestic and foreign media focused on the failure of the proposals to politically recognize the existence of the large, permanent African population in and around South Africa's cities. This probably explains the evolution of government policy, under Prime Minister Botha's leadership, to a position where urban Africans--i.e., those with Section 10 rights--will in some manner be incorporated as a political unit within a new governmental structure. Thus during the summer of 1979 National party leaders began speaking of granting distinct political status to urban Black areas, with self-governing authority over matters such as social welfare, housing, education, and the maintenance of law and order (the term "city-state" has been used in influential circles). The Prime Minister has stated that he foresees for the urban Blacks "a place in the constellation of Southern African states" that will become "a bulwark against Marxist penetration."

In creating a new political dispensation for urban-based Africans, the government will probably move in one of two directions: either it will group a number of the larger urban African townships into yet another self-governing homeland (along the way officially creating a new ethnic identity--"urban Black"), or it will incorporate Africans with Section 10 rights into the parallel structure of the new constitutional proposal, along with Indians and Coloreds. At the same time, the government is likely to continue to pressure homeland leaders to cooperate in a transition to independence, following the example set by the Transkei, Bophuthatswana, and Venda. However, the present government will probably differ from its predecessor in two respects. First, it is likely to be far more receptive to further consolidations of the fragmented homeland territories, which will necessitate ceding additional lands to the Black states and the consequent abandonment of the previously "sacred" 1936 Land Act. Second, it is likely to be more willing to live permanently with self-governing homeland status for Bantustans such as QwaZulu which refuse independence. What is evolving, then, is a governmental structure that will probably contain four types of political units: (1) White South Africa, containing Indian, Colored, and perhaps "urban Black" minority communities, with each group internally governed under parallel structures (what is referred to as a "plural" setup); (2) rural internally self-governing homelands, made up of those Bantustans whose political leadership has refused independence; (3) an internally self-governing urban African city-state (unless this group is given minority status in White South Africa); and (4) enlarged and consolidated "independent" homelands tied to White South Africa in some type of confederal arrangement.

The governmental structure that is emerging reflects a strategic choice by the current Afrikaner leadership. It is opting for an "indirect rule" approach rather than separation as the method of maintaining White supremacy. It entails the devolution of various financially and politically costly tasks--tax collection, social welfare, the enforcement of influx control, and the maintenance of law and order--to political units which are tied to and ultimately controlled by the White South African state through economic dependence, financial subsidies, and overwhelming inferiority in the instruments of coercion. There are similarities here to orthodox separate development strategy, except that indirect rule does not require the political removal of the majority of the population (i.e., all Africans) from the Republic of South Africa. It accepts that a certain portion of the African population will remain within South Africa, and provides it with a political representation and responsibility, albeit of a limited type. It is a strategy designed to achieve the cooptation of Black leadership domestically, and the placating (or at the very least, confusing) of opinion internationally.

Mr. Solarz. Thank you very much, Dr. Price.

Our next and final witness, Professor Butler, I understand, was at one time a professor of one of the more distinguished members of the subcommittee, Mr. Wolpe, and I can only tell you, Professor Butler, I don't know what grade you gave him when he was in your course, but on this subcommittee he gets an A-plus.

## STATEMENT OF JEFFREY BUTLER, PROFESSOR OF HISTORY, WESLEYAN UNIVERSITY

Mr. Butler. Mr. Chairman, it is a great honor for me to be asked to appear before this committee. I'm going to be talking a little bit about Afrikaner notions of identity, but before I go any further I must clear up a question of my own identity. I'm not an economist nor a political scientist, but a historian. And my remarks are going to be those of a historian.

Second, with relation to Mr. Wolpe, I hope that this sitting is not going to end up in a historic reversal of roles.

Let me begin by arguing that we tend to look at South Africa and its regime as though it is a regime which is firmly in control of what it is doing. I would like to argue that is in fact not the case, and as Mr. Price has just mentioned, for about 30 or 40 years the Government has been riding a tiger. There are three changes over which the South African Government has no control.

It has no control over its own economic growth, and the recent mineral boom is dependent on discoveries and enhancement of prices which are due to conditions outside of any South African Government's control.

Second, the collapse of all the friendly neighbors around it was something they had no control over and did not want to happen.

Third, the change in the outside world, particularly the recent freeze in American-Soviet relations is another development that is entirely independent of their control.

Some of these changes do in fact enhance the ability of the South African regime to continue on a substantially unchanged path. Particularly the economic ones bring no change to the basic processes within South African life and are simply going to enhance them.

When I say that the Government has limited control, it also has a substantial record of failure, and it is a failure above all to achieve in over 30 years of power a dispensation which is legitimate, legitimate to its own African population, to black populations abroad, both in Africa and the United States, and legitimate to the Western World where it would like to find its allies. But lastly and perhaps more fundamentally, it is failing to achieve a dispensation which is legitimate to itself.

A distinction is made nowadays, particularly by the South African Government, between the apartheid era and the separate development era. In the first years of Afrikaner power after 1948, the Government was preoccupied with securing Afrikaner dominance over all groups, including English-speaking populations. Second, it was concerned with massive restrictive administrative and legislative action, particularly in relaton to the Africans.

Third, in the roughly first 10 years of rule, it made the hesitant beginnings of what was known in those days as positive apartheid, later separate development. I'd like to talk particularly about separate development, because in two areas of policy it brought in the whole notion of ethnic identity in a peculiarly South African form. That is the notion of identity that the South African rulers had and have at this time, that identity is something that is eternal; it is out there and it is not something that is subject to individual choice. But what the Government did not allow for is that the people of the modern world, do not have that view of identity. People change identity. They change nationalities and it is regarded as a rather fundamental human right to do so.

If you look at the record of Bantu education, it was particularly shown in the 1976 Soweto riots what a colossal failure it had been. The object of Bantu education was to develop a cultural nationalism among Africans that would induce an African pride in their own historic cultures and a willingness to accept those historic cultures as a basis of the allocation of welfare and power. It is quite clear from 1976 that that policy, particularly in asking Africans to look to their homelands as their future political homes, has been a colossal failure.

If you look at the institutions of separate development, again you find a parallel record of failure there. After 1959 the Government moved to separate development, which meant the massive elaboration, constitutional elaboration of homeland governments, They hoped by giving them independence, that they would create legitimate political institutions to which Africans would look for their political homes. But nobody has recognized the homelands except the homelands and South Africa itself. Independence is not in any government's gift. Independence is in fact something that only comes into existence if other people recognize it.

Now related to that was the question of influx control that Mr. Price referred to. The control of urbanization has a long history in South Africa. It goes back long before 1948, to the very least to 1922 when a government committee spoke in terms of Africans being a temporary phenomenon in the cities. It has nothing to do with ethnicity at all. Influx control is based on a racial distinction, not an ethnic one. Although there was an attempt to finance housing according to ethnic criteria, that was done in very few cities and it has long since been effectively abandoned.

What was hoped for in the control of urbanization was ultimately, as the institutions became legitimate, that spontaneously populations would begin to leave the cities and go to the homelands and the whole influx control system would lose its coercive aspect.

By 1969 it was clear in some new demographic projections that the system was failing hopelessly, that the cities were far blacker than the plans had provided for, and that the year given, 1978, the year in which the flow of population would be decisively reversed, appeared to be chimerical; 1978 has come and gone. The pressure to live in the cities is as great as ever and it will only be exacerbated if industrialization proceeds as a result of the recent mineral boom.

Let me move on, then. Where do South Africa Afrikaner decisionmakers find themselves today? These demographic projections that

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they made in 1969, which were a major blow to Afrikaner intellectuals in showing that the plan was simply going wrong, led, among other things, to a debate on the homelands, and particularly as to how the South African colored population was to fit into the homelands dispensation. Since that time there has been a seething debate within the Afrikaner community over the legitimacy of the whole plan, and there are people today who argue that there are very few people left in South Africa in responsible positions who believe that the separate development scenario is ultimately sustainable.

What you have got developing among Afrikaner decisionmakers is a distinction between isolationists—loners who believe that they can get on without bothering much with the outside world, particularly with the African outside world—and those who are what one might call internationalists, who see it as absolutely essential to come to some accommodation with the outside world.

I don't think there's any question that that has taken place. This does not mean that there has been some miraculous change of heart. The people have not decided on a new dispensation. It does mean that there is real intellectual chaos among these people as to what should be done, and that, I think, explains why there is this weird phenomenon. In the last 10 years or so, you might ask yourself "Who are the people who raised the expectations of the outside world that that change is going to come?" One South African prime minister after another has done so. It goes back to Mr. Vorster in the 1960's with the outward policy and détente and to Mr. Botha saying recently in Soweto "We are all South Africans now," or rather "we are all South Africans."

I have some disagreement with Mr. Price. I think that that is symbolically an extremely important speech. It is not a speech that could be made by anybody who really believed in separate development. It is implying a common South African identity, at least to some blacks.

I totally agree with both what Mr. Seiler and Mr. Price have said: There is the coming into existence the acceptance of the urban-rural division and there is an attempt to make some accommodation of the African urban population.

Lastly, then, I think that one has got to be careful in imputing intentions to people. It is extremely difficult for me as a historian to make up my mind at any point in looking at the historical record what particular politicians intend. Because of this I think it is extremely difficult to make up one's mind what the relevance of the cosmetic/fundamental distinction is.

Clearly a parkbench, or an opening of a five-star hotel is cosmetic. It may have some mild symbolic importance but nobody really takes notice of it as a policy that would do anything to solve the fundamental problems of South African society. But what does one do about equal pay in particular professions? There is a whole series of changes that are not fundamental in the sense of moving directly to the redistribution of power, and I think when a lot of people mean fundamental, they are arguing about the distribution of power. If you follow an incremental political model in this case there are a lot of changes that may have fundamental implications for the future. Thank you.

[Mr. Butler's prepared statement follows:]

## Prepared Statement of Jeffrey Butler, Professor of History, Wesleyan University

Recent developments in South Africa have been bewildering, feeding an ongoing debate over whether any change is taking place at all, and even if there is change, whether that change is "cosmetic" or "fundamental". South African statesmen have said that change must come, but have also said that certain changes are out of the question. They usually act with great self-confidence: in enforcing their policies they give the impression of being fully in command. There have been changes recently, however, which are beyond the control of South Africa's rulers, some of which could, paradoxically, enhance the capacity of the regime to remain on a substantially unchanged course. But other changes merely continue processes that leave the tensions within South African society unresolved, and may even enhance them.

### I.

The first of these changes is the mineral boom of the nineteen seventies, a result of new discoveries and enhanced prices. However fragile that prosperity might be in the long run, it has given the South African government a substantial fiscal shot in the arm, and will continue to advance urbanization and industrialization. Such sudden windfalls are not new in South African economic history: the country has advanced, C.W. de Kiewiet wrote, "politically by disaster, economically by windfall." Growth will simply further the urbanization of Africans, which all South African governments since 1910 have tried have tried, with no success, to reverse, though they have limited the

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urbanization of Africans substantially. And the additional fiscal resources may create political problems: the government is now seen by its critics to have the wherewithal to undertake major programs to equalize the material benefits and to improve the life chances among all groups. Whatever extra resources the mineral boom gives the regime, it does nothing to change the direction of economic growth or make separate development more plausible as a social or a political policy.

There is in the literature on South Africa a major debate on the "growth hypothesis", on whether capitalist economic growth leads to a process of liberalization for subordinate groups. In various forms this view is held strongly by many businessmen, inside and outside South Africa, and by a few scholars. This argument has enormous appeal to Americans because it seems to confirm an optimistic reading of their own history. While the more simplistic predictions of inevitable political liberalization can easily be rejected, the growth hypothesis does draw attention to the fact that the pace and nature of economic growth is not entirely in the control of the government. Economic growth in South Africa has brought changes in the allocation of jobs, and legally enforced job reservation is in the process of being abandoned, a response to necessity, not to a change in policy. Furthermore, firms have stubbornly refused to move to locations desired by the government, in spite of generous inducements to do so in the "border" areas and inside the homelands. Economic growth has continued in the "white area", particularly in the Transvaal and Natal.

Between 1934 and about 1975 the South African economy grew at a high rate. If that growth resumes soon and industrialization proceeds, and if the emigration of professionals, largely English-speaking continues, then the move of Africans, "coloureds"* and Asians up the economic ladder will continue. Improvement will not be universal, however: unemployment or underemployment of Africans has always been high in South Africa, and even favorable projections allow for an increase in the future. Growth may, therefore, increase the numbers of highly trained and paid Africans, coloureds , and Asians, but it will not itself reconcile them to subordinate status, nor remove rural or urban poverty, nor necessarily induce South Africa's rulers to move to equality.

The second major recent change has been the collapse of South Africa's cordon sanitaire of friendly neighbors since 1974. That change was simply a climax of the slow and steady decline of South Africa's position in international affairs since World War II, particularly at the United Nations, adding to the pressures from international politics and diplomacy the threat of guerilla warfare. Guerilla incidents are already taking place within South Africa and there is no reason to think that they will not increase in scope and intensity in the near future, though by themselves they have no prospect of toppling the regime. The likelihood of such incidents has been increased by recent events in Zimbabwe: some of South Africa's neighbors already offer sanctuary to guerilla groups. These developments are of major concern not merely to South Africa itself, but to all its neighbors, and may release forces that governments in the region will not be able to control.

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*This term is the traditional one for people of mixed race. It is now regarded as offensive by many, but there is no neutral substitute for it. "African" and "black" are used synonymously.

A third major recent change in South Africa's context has been the new freeze in United States/Soviet relations, related to renewed instability in the Middle East. This development may in the short-run help the South African regime, simply by moving South Africa off center stage, by exaggerating fears of the security of the Cape route, and by giving American decision makers a great deal with which to pre-occupy themselves elsewhere. The effect of change in the international context, however, must inevitably be limited because the processes leading to conflict in southern Africa are not in the control of any government and certainly not of governments outside of the region. Furthermore, instability in the Middle East is not new, and events in southern Africa are certain to bring the region back into prominence. Incidents such as those at Sharpeville in 1960, in Soweto in 1976, and the death of Steve Biko in 1977 may be followed by periods of apparent quiescence. However, they add to the vocabulary of politics and keep the issue alive in the minds of millions overseas whom the South African government would understandably prefer to be interested in something else.

## II

Economic growth, isolation in international affairs, and the preoccupation of great powers with other major problems are not new for South Africa, and have been part of the context since the present party came to power in 1948 to form the first wholly Afrikaner government in South Africa's history, Afrikaner in its personnel and Afrikaner in its constituency. That government was also South Africa's first blueprint government: it believed that society could be reordered according to a design, even if that design were not fully worked out.

An ethnically based, radically conservative group, the National Party set about dealing with its ancient enemies -- the English and the Africans -- using the power of the state to narrow the economic gap between the English and Afrikaner populations and to sustain and even widen the social and economic gulf which existed between whites and all other groups in South African society. Basic to the policy was a resistance to allowing social processes to undermine the distinctiveness of the Afrikaner people, hardly a surprising attitude given their history of defeat in war, and a reconstruction aimed at obliterating them as a cultural group. For them some sort of "separate but equal" was desirable in theory and ultimately achievable in practice, though separation was to be given higher priority than equality.

It is in their notion of identity, and the willingness to maintain it by force and by enforced maintenance of inequality that they are most deeply divided from their liberal critics inside and outside South Africa. For them their own identity was conceived in peculiarly static terms, as something eternal, and certainly not a matter of individual choice. Reasoning from their own experience, ethnic treason -- a willingness to assimilate into another group -- became the ultimate crime, the melting pot a devil's cesspool. Hence their own and African identities became ones to be maintained, even against the will of individuals who might wish to change their racial or cultural affiliations. The theory was applied to all groups but hardly consistently: on the white side of the colour line there was (and is) repeated reference to the "white nation", but on the African side, a "black" or "African" nation was strenuously resisted and ethnic identities - Zulu, Xhosa, Tswana and others - the "historic" African-communities, were to be the basis for the new nations of the future. Specific policies were developed in relation to education, and to the administration of African "reserves", where ownership and occupation of land was limited to Africans. It was a massive attempt to "retribalize" African societies.

Bantu Education, instituted by act of parliament in 1953, involved the transfer of African education from the control of the mission churches, almost entirely English-speaking, to that of the central government. The government then established a different system of education for each ethnic group and tried to base curricula on African cultural materials. Education was to have explicit political and economic purposes viz., to encourage cultural pride and interest in traditional institutions, and to train Africans for their alloted tasks within South African society. In particular, the African child was not to be trained for jobs reserved for others.

The act provoked a storm because it was seen as an attempt to limit the dissemination of the intellectual heritage of the west, particularly that part of it on which white power and privilege was based. It involved a view of education as a legitimate form of brainwashing: with the right laundryman, clean Zulu, Xhosa, and Afrikaner brains could be produced, dedicated to preserving cultural identity. On the part of Africans, it involved a willingness to accept a subordinate place in the economic heartland, whether there "temporarily" in Soweto, or living in one of the homelands.

As a policy it was a total failure, partly because cultural nationalisms, like Afrikaner nationalism, are nearly always movements of resistance and cannot be produced to order from above. The policy was instituted in the face of bitter opposition from the people who were supposed to benefit from it, and it was seen as a crucial device in maintaining white privilege, particularly because little was done to narrow the gap between expenditures per white pupil and those per African pupil.

Africans deeply resented the linguistic consequences of the policy. Bantu Education involved mother-tongue instruction in primary school -- in other contexts regarded as excellent educational practice -- but in secondary school it involved the use of Afrikaans and English as media of instruction, an appalling linguistic burden to the children. African school teachers, many of them poorly trained and with weak command of Afrikaans, were faced with an impossible task, and Africans generally come to resent more and more the use of Afrikaans as the language of oppression, and to see English as the means to success in the modern world. The only thing surprising about the Soweto riots of 1976 is that they came as late as they did. In protesting against the enforced use of Afrikaans, the students struck also against beer halls and government offices, part of the machinery of revenue collection associated with the powerless urban Bantu councils. The use of Afrikaans as a medium for secondary education has had to be abandoned.

The regime has had, therefore, to acknowledge a major defeat in the area of linguistic policy and is now moving toward narrowing the gap between expenditure per pupil in white schools and that in African schools. In 1976-77, the average expenditure per white child was R654, for the African child in the "common area" outside the homelands, R49, a ratio of 13 to 1. Such a ratio has for long been in force: the huge gap in facilities and trained manpower can easily be imagined. The government has committed itself to create "equal educational opportunities for all racial groups while maintaining and safeguarding the identity of each group." While the commitment to equality is welcome and important, South Africa is yet far from adopting the widespread policy of favoring groups who have been discriminated against in the past.

Conceptions of ethnic identity were also the basis of policies adopted towards South Africa's "reserves", areas of exclusive occupation and ownership of land by Africans. These homelands, as they are called, were to be transformed into the national homes of Africans, whether they lived there or not. In the fifties a system of "Bantu authorities" was elaborated in these areas, and in 1959 it was acknowledged that they might become independent states -- a shift, in official terminology, from apartheid to separate development. Constitutional development was rapidly accelerated in the late sixties, but so far only three out of ten homelands have accepted independence only to be denied recognition from all states except each other and South Africa. But the most important lack of recognition has come from the urban African population who, whatever their connection with the homelands, refuse to see them as containing the institutions which can compensate for their rightlessness in the cities. These African ethnic states of South Africa might have had a better future if they could have been seen by their people as mitigating inequality in material welfare or political rights.

In the early seventies it appeared for a time as though South Africa might be starting along a new path. The government had created a new oligarchy of black leaders and a platform outside the homelands which they proceeded to use with some vehemence. From the end of 1973, homeland leaders began to work in concert, calling summit meetings of their own, and meeting with the prime minister and his Bantu affairs ministers. That institution could have developed into an arena for bargaining, a move away from the hierarchical structure of one dominant polity meeting the representatives of several client states, but it remained an arena of the presentation of grievances and consultation but not of the driving of hard bargains. Though the summits have proved useful in giving homeland leaders a platform, and initiated inquiries into difficult issues, the government has stuck to its guns on the crucial issue of sharing power. The size of the homeland budgets, which depend for about eighty percent of their revenue on appropriations by the Republic's government, are not negotiated, nor do homeland governments effectively represent their people in the cities. Even if bargaining were to begin, the homeland leaders would come to the table with extremely limited resources.

The policies of ethnic states and Bantu Education were accompanied by attempts to control the distribution of population between the homelands and the rest of South Africa. The policy of limiting black urban populations was first articulated in the 1920's, but in spite of attempts to limit them, urban populations have grown steadily with the rapid growth of industry, particularly accelerated during the second World War. Since 1948, the government has segregated all the various groups from each other. Group Areas legislation laid aside special areas for ownership and occupation for whites, Asians, coloureds and Africans. The application of this policy caused particular hardship for coloureds and Asians, many of whom were living among whites. It was also applied to Africans who within their segregated areas were subject to the policy of "ethnic grouping", an attempt to create within the cities areas homogeneous as to ethnic group. The major architect of the plan, Dr. Verwoerd, enforced the policy vigorously and in addition aimed for the demographic target of reversing the flow of population from homelands to cities by 1978. But by 1969 it was already clear that the population projections on which the plan was based underestimated the growth of African population. It was the same year that a junior minister used the callous phrase "surplus appendages" to refer to the old and young dependents of city based wage earners when he was enforcing a highly controversial policy of "resettlement", aimed at sending dependents out of the cities into the homelands. 1978 has come and gone: the impoverished homelands have not been able to attract population, agricultural yields are probably falling overall, and the homelands face a bleak future.

It is not merely that African city populations have continued to grow; they have been changing in character. With the change in the allocation of jobs, there has developed an educated urban class, a few of whose incomes equal those of whites in the same occupation. They constitute a social phenomenon which will have to be accomodated politically. The could become a major force for change, a class easily radicalised both by any downturn in their material fortunes, and by the continued inability of the social order to meet their aspirations for security, dignity and equality. There is today frequent talk among Afrikaner journalists and politicans of the necessity of creating an urban "middle class". Whether such a class can be co-opted to defend the existing order has become a major issue, especially among radicals who fear that it may be possible. Historically, the moderation of the African professional men who founded the African National Congress was remarkable; the moderation of their contemporary equivalents is equally remarkable, but it is a moderation that is under attack within African communities. Black consciousness movements have been active in the cities, and though their leaders are frequently arrested and their organizations banned, notably in the major swoop by the government in 1977, there is no reason to think that such consciousness is declining, particularly in the aftermath of events in Zimbabwe. Nor is it likely to until real political changes affecting Africans are made.

There are many signs that the urban policies of separate development are being abandoned piecemeal. From the early seventies, ministers have been slowly moving toward improving the urban environment for Africans, hesitantly acknowledging their permanence, extending 99 year leases to those with so-called "Section 10" rights, enlarging the competence of urban representative bodies, and improving their budgetary resources. One result of the prime minister's much publicized visit to Soweto last year was the writing off of a large debt of the West Rand Administrative Board, reducing the pressure on it to raise rents, its major source of revenue. Land and money is being made available for purchase by African urban dwellers; African professionals and entrepeneurs are being given greater opportunity. But full security of tenure has not been granted, adequate resources have yet to be made available, and the thorny question of political rights has yet to be faced. It seems, however, fair to say that the regime is slowly abandoning the policy of regarding all those working in the city as "really" belonging in the homelands. A recognized urban African population seems to be in the making, distinguished from that in the homelands, possibly with some limited form of municipal autonomy. The policy of trying to keep a large, perhaps an increasing, proportion of the labor force migrant has not yet been abandoned, however, nor has any form of political incorporation been accepted with the white controlled cities on which Africans depend for employment.

In looking at three areas of policy toward Africans -- education, homeland institutions, and control of city populations -- the government has, therefore, a substantial record of failure in relation to its own intentions. The policy depended ultimately on convincing Africans of the legitimacy of the policy, on persuading them by education to seek ethnic identities in the manner prescribed for them, to see in homeland institutions effective guardians of their welfare, and to reconcile a high proportion of them to permanent migrancy, or subordinate status in the cities. In reading the words of supporters of apartheid one finds frequent reference to hallowed liberal phrases like "self-determination". But the fundamental weakness of the enterprise lay in the fact that the very "self" was to be determined by the decision of others. That was not the course of the Afrikaner's own history.

However much apartheid and separate development has succeeded in keeping the South African economy functioning in a highly discriminatory way, it has failed to produce the pre-conditions for stability on which any economy depends. There are inherent contradictions within the policy: if homelands are kept inadequate to support their populations, the drive to cities will continue. If Afrikaners were to move up the economic scale relative to Africans, industrialization would have to continue, and with it urban growth. Limiting urban growth and reliance on migrant labor involved assaults on African life which policy makers would not institutionalize for Afrikaners. The consequences of policy for Africans precluded the achievement of a segregated order which was also just, perceived to be just not only by its dominant members. Not only have South Africa's leaders failed to convince South Africa's majority of their good intentions and good faith, but there are signs that they are failing to convince themselves that they are still on a viable course.

## III

Where do the rulers of South Africa find themselves at the beginning of the 1980's?

The policies of separate development involved a strategy of peeling off. In the design, South Africa, "white South Africa", would be a kind of dominant remainder, with a series of client states around it, happily accepting their client status. The constitution of the heartland would remain unchanged, a British style parliamentary system which envisioned Afrikaner power, given population balance between English and Afrikaner and restriction of voting rights to whites only. Much of the legislation since 1948 was devoted to purging the constitution of any incipient power-sharing, and a major constitutional crisis occured in removing coloured voters from the voters roll. The institution of separate development, however, made no provision for the two groups, the coloureds and the Asians, intermediate between whites on the one hand, and African on the other. Over the years there has been a steady hardening of the line dividing whites from all other groups, moving Asians and coloureds in the direction of a common powerlessness with Africans. Coloureds particularly present major practical theoretical difficulties for separate development, and these difficulties have resulted in a set of proposals to amend the constitution of the heartland itself.

Recent proposals have within them, however, the implication of a belated piece of political wisdom viz., of recognizing that the two groups intermediate between Africans on the one hand, and dominant hites on the other, could long ago have been incorporated into the hite dominated political system with a considerable stake in preserving heir own privileged position. The recent proposals, inadequate though hey appear to be, especially to the coloureds, do constitute an imporant shift in thinking: Afrikaners have long been prepared to ally hemselves with English speakers in defense of white interests: are hey beginning to think of other kinds of allies as well? Some abinet ministers have even spoken of extending the proposals to include rban Africans, once again underlining the implied acceptance of the roposition that homelands cannot provide a political home for those ermanently settled in urban occupations outside them.

Basing their policies on the overriding necessity of preserving frikanerdom, the architects of apartheid and separate development enuinely believed that a just order could ultimately be created, ven though there would have to be discrimination in the meantime. ut the policies as designed by intellectuals and officals entailed sts which the politicians, businessmen, farmers, and white trade nionists were unwilling to meet, whether it was dispensing with ban Africans altogether by creating totally segregated societies, or the ambitious plan for the development of the "reserves". Failure in one area of policy after another, and the criticism from outside that the regime has not sincerely carried out a policy, however misguided, have undermined the "old certainties" as Conor Cruise O'Brien called them. Critics have not been interested in the theory but in the practice -- separate development is widely seen as a device which, whatever its ultimate intentions, has protected and entrenched white privilege.

The gulf between thought and action can be seen by examining recent statements by South African prime ministers. In the last year P.W. Botha has been seeking out contacts with Africans, including highly publicized visits to the homelands and to Soweto, the latter the first visit of a prime minister to South Africa's largest city. In Soweto, he made the remarkable statement "We are all South Africans." It is not that such a statement necessarily implies a rapid dismantling of white domination, obviously not, but it does have serious implications by asserting a common national identity rather than reserving the term "South African" exclusively for whites, and "South Africa" for the state which will remain when all the new black states will have gone on their separate independent paths. In addition, it could involve abandoning separate African national identities. And the fact that that statement was made to a crowd in Soweto is itself significant because it has been a cardinal principal of policy to deny permanence to South Africa's urban African population and to regard them all, no matter how long they have been in cities, as having their political home elsewhere. It may be that Botha meant nothing, and that no action will follow, but it is not the language of separate development.

The collapse of the old certainties has not taken place in a vacuum by some miraculous change of heart on the part of South Africa's rulers. The urbanization of Afrikaners has had effects on them that are hardly surprising to any modern social historian. The old certainties are now a subject of intense and bitter debate within the Afrikaner community and a realignment of factions and parties seems inevitable. The naming of these factions verkramp and verlig is exactly right if the distinction is interpreted to mean that between those who are "go-it-aloners", and those who regard the criticism of the whole policy as at least in part legitimate. Concern about outside hostility goes back at least to Dr. Verwoerd who was assassinated in 1966. Since that date, debate among Afrikaner nationalists has been bitter over external policy, provoked by adoption of "outward" policies, followed by those of detente. Simultaneously an equally bitter debate broke out over policy towards coloureds and the legitimacy of applying separate development to a people without a homeland. The verlig, enlightened, are not radicals or "left wing": they are those who see the necessity of a change of means if the outside world, which includes Africans, is to be conciliated. It is not clear how many of them have seen that a change of ends may also be necessary.

The intellectual crisis within Afrikanerdom may explain a puzzling phenomenon, particularly in the last fifteen years. South African ministers frequently make generous statements that imply a major change of policy, thereby raising expectations inside and outside South Africa which it may not be possible to meet. From

Mr. Vorster's accession to the premiership on, there have been often eloquent pleas for understanding and promises to deliver, from Vorster's outward policy to his "give us six months", to "Pik" Botha's pledge at the United Nations in 1974 to remove discrimination based on race, to P.W. Botha's "We must reform or die" in 1979. It would be a mistake to regard these statements as only rhetorical devices designed to keep the outside world divided and uncertain over intervention. South Africa's ministers must surely be aware of the high risks involved in such a strategy. Their statements must be seen in context, just as must remarks claiming that no change of a particular kind will be considered. For example, P.W. Botha recently claimed that "one-man one-vote" for coloureds would never be considered. Leaders in reforming regimes frequently deny vehemently that they are doing anything fundamental, and all experienced politicians know that "never" is a long time. The issue on which the future may depend is whether P.W. Botha and his colleagues realize that new political relationships are necessary if a festering conflict is to be avoided, that bargaining will have to be institutionalized, bargaining with the leaders of all groups within South Africa. The road will be full of thorns: once they begin such bargaining will they be able to conduct it at such pace as will not destroy their own position in relation to Afrikaners, and the legitimacy of the leaders of other groups in the eyes of their people?

With the best will in the world South Africa's rulers would have a formidable task ahead of them. Much of their policy since 1948 came from an isolationist urge to shake off the outside world, and particularly their British conquerors. Their anti-British policy dealt largely with symbols - flags, anthems and the monarchy - but they have reached the end of that agenda. They have been obliged to see that isolation is not possible even from the historic enemy which is the country's major source of capital and even from a world they find ideologically uncongenial. To many, the behavior of the western powers in the face of Russian expansion is inexplicable, but in spite of that they spend an enormous amount of money and effort to confince the outside world of their good intentions and good faith. For all the tough talk they are dependent on the West. There are many roots to that dependency -- economic, strategic, ideological. A relatively peaceful outcome in the future may depend to a limited extent on how that dependency can be exploited by potential friends outside - potential because present relations of the United States and the United Kingdom with South Africa can hardly be described as cordial and friendly.

## IV

What are the implications of the above analysis for the making of American policy? Can the substantial failures of the South African regime to carry out its own plans, whether acknowledged or not, and the continuing dependence of South Africa on the outside world, be exploited to achieve fundamental change in the direction of a more humane order for all South Africa's peoples?

In looking at the actions of South Africa's rulers we, as interested Americans, are frequently called on to make judgments as to the nature of changes taking place. Are the changes "real" or, in the current jargon, "cosmetic" or "fundamental"? The latter distinction looks simple enough, but there are at least two ways of looking at it. If you are a radical revolutionary wanting a major change in regime within a short time, then only a redistribution of power is fundamental - equal pay, equal expenditure per pupil and urban freehold would be in some sense cosmetic if the structure of power remained unaffected. The changes listed, even though important, would constitute a kind of tinkering which would not necessarily lead to a distribution of power. If, however, you are a gradualist and an incrementalist, then the distinction is much more difficult. It is easy to agree that removing offensive signs from park benches or opening five-star hotels to all groups is cosmetic, but equal pay and urban freehold might be regarded as fundamental because they constitute steps on the road to equality: they can be welcomed as good in themselves, for their short-term consequences, and for their hoped-for long term effects on the distribution of power. The crucial short-term issue, however, is the beginning of bargaining; the long-term aim is a regime of equality which may ultimately be achieved by "one man, one vote, in a single political system", but may not be. The range of institutional possibilities is wide.

The choice before Americans in relation to South Africa is not one of intervention or non-intervention. Intervention is a fact of life - few societies in the modern world can live unto themselves. We are, however, unlikely to commit military resources on which to base demands for fundamental change, in particular for an overturn of the political system. Even if we were, the record of forcible intervention by Britain in South Africa at the end of the 19th century gives one pause: we are still living with the aftermath. With an essentially limited range of weapons at our command - essentially boycott, diplomatic pressure, and public criticism -

we have a series of blunt instruments, the outcome of whose use are uncertain. Boycotts have not been successful in the past, largely because they have been the choice of governments long on rhetoric but short on will and willingness to commit resources, as the history of Spain in the nineteen thirties, and of Zimbabwe after 1965 shows. If you want to force someone to do something, use the appropriate instrument. Given this basic position in relation to sanctions of any sort, we might consider a general strategy of sustaining, even increasing, South Africa's enmeshment in and dependence on the world economy, at the same time as encouraging the South African government along any paths - such as recognizing African trade unions - that increase the capacities of Africans to demand improvements of all kinds. Such a strategy is consistent with a constant public monitoring of the activities of American corporations in South Africa, limited though their political clout there might be.

The history of white communities in Africa since World War II is not encouraging for those who wish to see negotiated outcomes in southern Africa. Regimes giving Africans a determining role in national politics were created only after forceful intervention by a metropolitan power - in Algeria, Kenya, Zambia, and in Zimbabwe the story was essentially the same. There was a repeated failure of white Africans to see the writing on the wall, to make a realistic estimate of their power to sustain the status quo. Repeatedly, there was a failure to bargain in situations where their bargaining position could only worsen. Admittedly, these societies had far smaller white minorities than South Africa - none more than 10% of total population - and the statistical difference may be crucial to the question of power, i.e., South Africa clearly has greater resources to resist fundamental change.

The refusal to bargain arose from the understandable fears of a dominant, physically distinct minority being pressed to give up its power and privilege, but it arose also from a delayed recognition of legitimacy of the demand for change. Bargaining is hardly possible if that recognition is not given, but that recognition will not be given without the parallel and implied recognition that the blueprint for the future, is simply unworkable. There is plenty of evidence that many Afrikaners would give that recognition: indeed one of the greatest failures of the apartheid/separate development regime lies in the erosion of belief among Afrikaners in the policy as a whole. But that erosion has not yet gone far enough to make the appropriate political response. Most discussions of policy still proceed as though the choices were all to be made by whites: policy is a matter to be decided by the guardians and enforced, not negotiated. Tom Wicker reported recently that in discussion with Afrikaners who were critical of many aspects of government policy, he found a refusal to consider the possibility that the stratagems of minority politics might one day be appropriate for Afrikaners.

It does not need a great deal of historical knowledge to be aware of the stubbornness of the problems facing any statesman who has to deal with the issues raised by the distribution of power and privilege in South Africa. The problems raised by such divided societies are frequently intractable: "solutions" - a favorite word in South Africa - are therefore elusive. The American South at the end of the 19th century and Northern Ireland today are hardly monuments to enlightened policy. But though policy-makers may have blundered in the past, leaving such societies "to get on with it" is simply not a viable option. Nor does the historical record prescribe policies for the present, nor even explain why certain interventions have worked while others have failed. One can talk airily about a strategy of manipulation rather than one of sterile denunciation, for the use of carrots as well as of sticks, but the problem of finding a stick big enough, short of military force, and carrots juicy enough is one that a mere historian cannot solve.

Mr. **Solarz.** Thank you very much. As a reward for her incomparable charm and her diligence in attending virtually every session of the subcommittee, I'm going to ask our very good friend from New Jersey to begin the questioning.

Mrs. **Fenwick.** Thank you, Mr. Chairman.

As a reward for your unfailing courtesy and kindness, I don't know quite what I can do. I am interested that Professor Seiler and Professor Butler both speak of a profound reversal of attitude, not structural and deep changes but a profound reversal of attitude, I think it was Mr. Seiler's phrase, as having taken place in 1979, and your suggestion, although not structural, changes such as equal pay for equal work will make a difference in the economic situation of the people.

One question that Mr. Price—perhaps any one of you could tell me how many urban blacks are there? What proportion of the population are we talking about?

Mr. **Butler.** Roughly one-third of the total black population at any one time, I would say.

Mrs. **Fenwick.** One-third, what we would call urban blacks?

Mr. **Butler.** Yes.

Mrs. **Fenwick.** So these changes will eventually, I would imagine, affect their situation very greatly; Mr. Price feels, in order to keep more control over them—I thought that perhaps, on page 17, when you spoke of the report, there was a question as to what the motive of including those words was.

Were they trying to persuade the Government perhaps to adopt the recommendations of the report, and then emphasize the benefits the Government might derive from getting recognition and thereby control? It is hard to know what their motives were.

Professor Butler, I think it is always safer to stick with what they did and not decide what their motives were. Of course that is what they said, and in that Mr. Price was completely correct. That's what the report included, those words. But the effect is what is important.

What is going to happen to one-third of the blacks of South Africa under these changes? I would like to hear—Professor Butler, you spoke of the tremendous drive that never stopped. They thought it would but it didn't, the flow of the blacks to the city. Are none of the new companies going into rural areas or any place except the white cities? Is that true? Is that what's causing it? All the new companies and new employment opportunities are in the cities?

Mr. **Butler.** The Government has spent an enormous amount of money building industrial estates in the so-called border areas, and there's another policy that has been a failure. It's extremely difficult to induce firms to go outside, particularly outside the Transvaal and Natal, the two areas growing rapidly. They get all sorts of things, tax benefits, to go into the border areas, and into the homelands themselves.

You go to a place like Butterworth in the Transkei which is an industrial showplace and there are tiny little factories employing very small numbers of people, some of it very high technology stuff. There's one industrial estate there that has had no takers at all.

Mrs. **Fenwick.** Why is that?

Mr. Butler. I think because industrialists want the economies of scale. More than half of South Africa's national income is earned in the Transvaal, and they want to concentrate in that area.

Mrs. Fenwick. I don't understand. If they produce something salable in other areas, wouldn't they begin to get a share of the wealth? If the factory happens to be located in the borderlands, why would that not bring a shift of the wealth right with the production and the jobs?

Mr. Butler. Why don't entrepreneurs?

Mrs. Fenwick. If the Government is willing to put money and give tax rebates, why could you not make a good profit for your company and get some of the wealth yourself from a company in such an area?

Mr. Seiler. None of us are economists, Mrs. Fenwick. I guess I'm no more at fault in responding than my colleagues. Basically, it's the lack of a market right there for sales in the Transkei or on its borders or near any of the other homelands, except those homelands very close to major cities.

Mrs. Fenwick. The Government could locate its defense, manufacture arms. They could put one of their arms factories there. They have a market for that, and pay for the workers would make other markets.

Mr. Seiler. That's different, but for a private corporation, even with Government subsidy, the lack of a government nearby and the lack of transportation costs is apparently enormous.

If I may, one thing that is being considered in this new stage is siting of industries more or less within the Witwatersrand area, and accepting that this will mean giving stability to blacks within a white area.

I look as an observer for two specific steps—about which the Government has talked—giving mobility to black workers. One very sore point—if a black worker is in Johannesburg and there's a job in a new factory wherever, Petersburg or someplace, he's not presently free to move. But the Government keeps saying it might be doing something about this. This would be a sign of a constructive change.

Another sign, there has been a long dormant commission, in this case the committee called the Kleu Committee, looking at the problem of industrial siting, specifically in terms of increasing opportunities for black labor. It has not reported as far as I know.

Mrs. Fenwick. What effect does this profound change of attitude that has been referred to, what effect does that have on some of the black leaders in South Africa? Bishop Tutu does not seem to be convinced by any of this. Are there others who are?

Mr. Seiler. I think the ones I've known, they are rightly skeptical. They want results. Apropos something Professor Price said, I saw last year an interesting tension among some members of the Committee of 10, this prominent informal leadership group in Soweto. They themselves are middle class, but they worry that the acceptance of participation in urban institutions, even if they have real power in these, institutions will pull them away from ties with their ethnic groups, with blacks generally, with rural blacks, and even their own families in rural areas. In short, they are worried about becoming more middle class. I don't think they are worried about it in the simple terms of being co-opted by whites. They accept this is a white motive. But they worry about the social utility of it and they're ambivalent about it.

The discussions among people about whether to take part in the Soweto Council is a wonderful indicator of this ambivalence, however that gets resolved.

Mrs. **Fenwick**. It has been accepted?

Mr. **Seiler**. As of last week it has.

Mrs. **Fenwick**. Would that indicate something to you, Professor Butler?

Mr. **Butler**. I must say I disagree slightly with Professor Price over this anxiety over co-optation. Just as separate development did not work, the plan to co-opt urban blacks is going to fall on its face—those people are not going to be easily bought off. They are a people with a history of political organizations which were suppressed. That is, there are forebearers to the modern professional, black professional men of Johannesburg. And I don't seem them bought off with little municipal powers, looking after sewage and garbage removal.

But I would add, that given the rigidity of South African attitudes in the past in relation to any kind of political participation by Africans that the beginning of a policy of co-optation seems to be the beginning of political wisdom. At least you're recognizing this man is a political animal, not another kind of animal, just to be cut out of a dispensation and given his political home someplace else.

Mrs. **Fenwick**. Do you think that might lead to something in the future? Even if it were to co-opt, so you think it might be desirable in the sense that it does recognize finally that these people exist and have rights?

Mr. **Butler**. I think that any move toward treating an African in South Africa as somebody to be bargained with, rather than somebody to give orders to, is to be welcomed.

Mrs. **Fenwick**. Would you like to comment?

Mr. **Price**. I don't think we're in disagreement. I was trying to analyze the logic of the policies that have been adopted within the South African system. It happens that the statements of leaders, it is not always that this happens, coincides with what I consider to be the logic. They are consistent with what I consider to be the logic of what they're doing. That's how I impute motives, starting with the logical structure, and if leaders make statements that are consistent with that logic, we can come as close as we can to the motivations.

Speaking about the logic of what I believe was intended, I was not commenting on whether new strategy would be any more successful, and I agree with Professor Butler. Let me put it this way: The strategy of co-optation is dependent on relatively low levels of expectations of those being co-opted: if their expectations are high, there's no point to co-optation. It's giving up in order to pay off those ones trying to co-opt and you cut off your own interest.

It is my reading of the situation that especially among the urban blacks in South Africa, the level of political mobilization and expectation is so significantly high that the kind of administrative and even political reforms that have been talked about are hardly likely to dampen down the desire for a greater share in the South African system.

In fact, one can make an argument about pressures for radical change which argues that when things are improving, that people become radicalized, not when they just are slammed down. Sociologists call this the theory of relative deprivation. From the argument I'm making, one can develop a line of reasoning which holds that while the logic of what the South African machine is doing is to better maintain white supremacy, that is what might be thought of as the manifest consequences of what is going on but there are latent long-term effects of this change in strategy that may, in fact, be pressuring the system to greater and greater change.

Mrs. FENWICK. What would you like to see, an adoption of this co-opt maneuver, followed by further concessions and further concessions and further concessions in order to avoid a violent confrontation of great brutality?

Mr. PRICE. Surely I would like to see that. Who would not?

Mrs. FENWICK. Is that the view of all of you, that this should succeed and quickly move to a better phase?

Mr. SEILER. If I could go beyond that in my comment about local government, I certainly was not suggesting that it ought to be the end point of change, nor that it would satisfy the expectations of urban blacks, either leaders or people in general.

The surprising thing to me is that urban blacks for the first time, some of the leaders anyway are focusing on it as an acceptable provisional or preliminary step in what I think they begin to see as an incremental process.

In that context, Dr. Price's comments about low and high expectations seem to me to be a bit rigid. Urban black leaders have relatively limited and realistic expectations about what they can do within the framework of local government—sewers, transport, et cetera—but they maintain more profound expectations about longer term political goals.

Mrs. FENWICK. Thank you.

Thank you, Mr. Chairman.

Mr. SOLARZ. As a reward for his incomparable commitment, I'll now call on our very distinguished colleague from Pennsylvania who has been one of the driving forces in this committee in terms of the situation in South Africa.

Mr. Gray?

Mr. GRAY. Thank you, Mr. Chairman.

Dr. Seiler, in your testimony you indicated that "the Government's policy to maintain both the frustration felt by blacks and the sense of threat felt by whites would be abated." What might be the effect of this progress in South African policy if it does not move along as smoothly as you might indicate?

Mr. SEILER. Let me be sure I understand, the effect within the country?

Mr. GRAY. Yes.

Mr. SEILER. I talked about, in the written testimony, tensions on both sides. The Government has considerably more control over the potential conservative white reaction, which is by no means to say that it can totally control it, via this delicate and deliberate process by which it consults endlessly, it sometimes seems, with potential allies of Treurnicht in order to keep them from turning away from support for government policies.

On the whole, it has been remarkably successful. I think the press tends to exaggerate the imminence of a verkrampte split from the National Party. By and large, what the Government has successfully done is isolate Treurnicht within the party caucus, which is the crucial place for upsetting party policy. Obviously he's chairman of the Transvaal Party, but in itself that is not a directly decisive focal point for reactionary political change.

On the other side, the black response or lack of response, Professor Butler has quite rightly pointed out that this is well beyond the ability of the Government to control. I must concede—how shall I put it? I'm periodically pessimistic about this. When I left South Africa in December 1976 I had a metaphoric headache, traceable to my sense at that time that the Government was profoundly failing to meet any reasonable estimation of black expectations.

One only had to look at the behavior of the Cabinet Ministers to see this, and the fact that Vorster himself was not really leading the Government. Now I am relatively optimistic, but the hard point of the whole change process is between the Government's perception of blacks and blacks' perception of the Government.

In this regard, the attitudes of Afrikaners matter. I'm always entranced when I find an Afrikaner who really understands how a black man feels. Or for that matter, with all due respect to Mr. Butler who was born in South Africa, an English-speaking white South African who understands. It's not easy because there are genuine language and cultural barriers often, but there's no question that there is racism involved here, and it's appalling for any American, even a white American, who's used to more subtle relationships between blacks and whites and some greater perception on both sides to see how slowly individual Afrikaner leaders come to understand simply things about human beings.

But the point remains, and I don't think I'm kidding myself about it, there's been a considerable improvement in Afrikaner attitudes and it is reflected in the fact that the Cabinet appointments made by the new Prime Minister are better appointments. You don't have a Jimmy Kruger anymore. You've got better people. Now admittedly, those people have to work within a political system.

Mr. **Gray.** Does that really represent any substantial change or does it really represent the effects of pressure from outside? Do you see that as a decision that has been made by the white South Africans, or is it a result of pressures from outside, the international community? Do you know? Are we talking about something that is substantial? Is it within or a result from without? It seems to me if it is a result from without, then it is not really a substantial change. Really what we're talking about is posture, symbolism, and cosmetics.

Do you think that the politics that are now being articulated represent a profound or a symbolic cosmetic change? I'd like to get a quick response from all three witnesses.

Mr. **Seiler.** I used the word "constructive," which I think is a bit short of profound but more than cosmetic, and I do think it is a result of basic changes in attitude among the governing Afrikaner elite, only partly in their response to Western pressure.

**Mr. Butler.** Congressman, with due respect, I don't accept the distinction that change cannot be fundamental because it has been induced from outside. The fact is that something is happening and I will go further and say I don't think the change would have taken place if there had not been outside pressure, but there are also internal reasons for the change.

Among them are also urbanization of the Afrikaner people, who are now almost as urbanized as English speakers, and the consequences of urbanization are becoming clearer and clearer every day for Afrikaner people and the legitimacy of this policy becomes increasingly difficult for them to sustain. Therefore, they are more liable to outside pressure.

**Mr. Gray.** From your point of view, are the changes substantial or basically superficial? Whether they're from outside or inside, do you see them primarily as substantial or cosmetic?

**Mr. Butler.** I see them as substantial.

**Mr. Gray.** Mr. Price?

**Mr. Price.** This is the basic point of my testimony. These changes are substantial in regard to apartheid, but not substantial or insignificant in regard to the maintenance of white power, and white supremacy.

I would agree—let me make one other point to follow up on this. The reason for these changes, substantial in the strategy aspect, was the response to pressure, international and domestic. There is an important point which I would make to differentiate my understanding of the international situation from that which Mr. Seiler presented.

I think that it would be a pity if the international community looked on the changes in apartheid as being a substitute or involving a substantial change in the structure of power in South Africa, and thereby applauding all the wonderful incremental changes that a natural process will lead to a resolution of South Africa's fundamental problems. I think it would be a mistake if we sat back and applauded it, because I think only with continued pressure of a subtle variety, perhaps, but only with continued pressure are you likely to get these continued changes.

I do not think that the external pressures should be some sort of complete isolation in sections because the leverage is gone. But I think that there is a need for a fine-tuned policy of maintaining the pressure so as to force the continued incremental changes.

**Mr. Solarz.** By unanimous consent the gentlewoman from New Jersey will be given the opportunity before she bursts to ask a question.

**Mr. Gray.** I will yield to my colleague.

**Mrs. Fenwick.** You say you do not think it would be a wise thing to do to applaud any change in any direction by keeping pressure on the elements that keep people back? Do you buy that?

**Mr. Price.** I'll buy that.

**Mr. Gray.** I think we would all buy that. The question is not that we would applaud or boo substantial change. The real question that we have to ask ourselves, and what I want to know is whether or not there really has been any substantial change vis-a-vis the posture and relationship of people in that country.

I certainly have a very strong problem, and I think you mentioned it, Dr. Butler. When the Prime Minister went to Soweto he said "We are all South Africans now."

Mr. Butler. I'm sorry, "We are all South Africans."

Mr. Gray. "We are all South Africans." Do you believe that is a fundamental change?

Mr. Butler. Congressman, it is very easy to be misunderstood in discussing this phenomenon. If you say that it was important, people will say that you believe that fundamental political change is coming merely because he says "We are all South Africans." I'm not saying that at all.

What I am saying, is that this is the first time that a Prime Minister has visited South Africa's biggest city. If you look at the accounts of that meeting, it is quite clear that it was an extraordinary occasion for both the Africans and the six Cabinet Ministers who were there.

I am just saying that the implications of his speech in Soweto are not reconcilable with the full doctrine of separate development. I'm not saying it means that he was born again. Perhaps he was. I doubt it myself. I'm not saying that the Prime Minister left there saying "We've obviously got to move to one man, one vote by next Thursday afternoon." I'm not suggesting that for a moment.

I am saying that the Afrikaner intellectual and governing elite in South Africa is facing fundamental questions and their whole rhetoric shows a certain chaos in their thinking.

Mr. Gray. Why are they facing that fundamental question, from your point of view?

Mr. Butler. Why?

Mr. Gray. Yes; from your point of view.

Mr. Butler. Because the policies simply are not succeeding domestically or internationally.

Mr. Gray. Mr. Price, would you like to comment on whether or not the Prime Minister's visit to Soweto and saying we're all South Africans, do you see that as a change? The reason why I ask that question is because I think there are many people in the country who see those kinds of statements and say there is a change in the attitude of the Government, therefore there is a change in the whole human rights question, a fundamental change, and draw that conclusion here. I know that is not what you're saying, and what I would like to know, Mr. Price, from your point of view, why do you think that the Prime Minister now is beginning to use that kind of language?

Mr. Price. Because I believe that the Prime Minister and his closest advisers, and a substantial portion of the Afrikaner Nationalist Party elite have come to the conclusion that the attempt to define South Africa as white cannot be sold internationally and cannot effectively be implemented domestically because the South African's economic situation needs substantial input of African labor. I am not referring only to the transitory unskilled form, but I am also referring to skilled, stable, trained, semiskilled, and even managerial caliber. That means a permanent work force at the site of industry, which means a permanent urban African population, which as Professor Butler pointed out, is logically contradictory to the doctrine of separate development.

In that regard there has been this change of recognition of the implications of South Africa's economic developments on one hand, and the implications of her international situation on the other, that has led to an alteration in regard to orthodox apartheid strategy.

I don't want to sound like a broken record, but it seems to me that it doesn't follow from that recognition, that the Prime Minister intends to shift substantial political power to the African community. What I mean by substantial is the kind of autonomous political power that would allow the African situation, in a significant way, to distribute Government resources. That is what is ultimately, when one talks about something being significant in the South African context, what we ought to be talking about.

Mr. GRAY. I would concur 100 percent with what you have just said. When I was in South Africa, as you talk about, "we are South Africans," many of the black leaders there objected to the homelands policy because they saw it as an attempt to move blacks out of the category of being South Africans by definition.

Do you see the homelands policy as really an attempt to eliminate the black population vis-a-vis South Africans and therefore the necessity to share the power and Government resources? That is actually what is going on? Any of you.

Mr. BUTLER. Specifically it was stated by the Government in the original design that to redistribute power on a one-man one-vote basis, was to destroy Afrikanderdom by definition. The homelands governments were quite explicitly meant to be a device to make it unnecessary to share power with blacks.

Mr. SEILER. There is no question about that. Indeed, the present intentions have changed very much. The present practices are shifting a bit. A subtle aspect of this is the citizenship issue, subtle but important. The Government is considering its original decision that blacks with established homelands bases would have to be citizens of those homelands. It doesn't much bother me either what the Government's intentions are or its language in justifying the change. I think the Government will probably change it and say we're doing it to make it easier for blacks to travel overseas.

The fact is that it will probably allow all South African blacks to keep what I would call a dual citizenship, and that I see as a constructive political kind of change.

The other thing that needs to be said, that this Government will consistently refuse to concede, it is sharing power, even when it is sharing power. For obvious psychological reasons and its commitments to its supporters, it cannot admit to sharing power.

Mr. GRAY. Is it sharing power now?

Mr. SEILER. I think it is.

Mr. GRAY. Where?

Mr. SEILER. In incremental stages, vis-a-vis the homelands, not really the focus of this hearing, as it will be on Thursday. From 1974, I think, when there were the first tentative consultations between the Prime Minister and the homeland leaders. There have been a series of these meetings since. They don't go very well for a series of reasons—one being an overt condescension among the white participants—but they continue. There is a de facto process of consultation involved there that can only get better precisely because the blacks persist at it.

Mr. GRAY. You made a statement that there is a sharing of power in black Africa. I'd like to know specifically where. In the homelands where you make a tribal chief, give him the right to make decisions about a wasteland or give a council a right to make decisions about trash collection? Could you tell us about whether or not any prominent black leaders are participating in the council government in places like Soweto? Is that a sharing of power?

Mr. **Seiler**. I'm not talking about government in the homeland or within a community council. I'm talking about relating by the Central Government of South Africa with a homeland government, as is generally the case, with a number of black homeland leaders together. This is the way that the white government relates. It has developed power to homeland governments.

Mr. **Gray**. I don't want to interrupt you. Relating, just because somebody talks to me does not create a new relationship.

Mr. **Seiler**. I'm being shy about homelands. Let me give you one example about a real power. I don't remember the exact stage but there was a point at which a number of functional powers, you might suggest at the level of sewage, were given over the Kwazulu government. One of them was control over magistrates. This seems pretty mundane, although not as mundane as sewage, I guess. One was control over education. And the Buthelezi government did two things relatively quickly. The quickest thing was to shift the language of instruction and education from Afrikaans to English. That was control over its own—I don't like big words. I'm not a politician. I'm a political scientist—but this was control over an aspect of its destiny.

The Kwazulu government decided something very basic about the future of all the kids in Kwazulu. I'm not saying it is the only important decision. I'm just saying it was an important decision, a real political power.

Now the magistrate thing was a little more awkward. It took about 3 months, I remember Buthelezi telling me, before he discovered that he had the power to make those appointments. And that was because he had white officials that had come in from Pretoria who didn't for whatever reasons tell him. But as soon as he discovered that he had that power, it was simply a matter of meeting some educational requirement, he appointed blacks in every single magistrate district in Kwazulu.

Mr. **Gray**. Let me get a response from Mr. Butler. Is there any substantial shifting of power whatsoever in South Africa to give the black community their rights as people who live in that society? I am afraid I have not heard anything today that indicates this is true, nor did I see anything when I was there.

Would you comment on that, Mr. Butler?

Mr. **Butler**. Congressman, there has been no distribution of power in the sense that you are saying. I would disagree slightly with Mr. Seiler in that over certain small areas of policy the homeland leaders have been able to decide. There is the precedent of Kwazulu education decision in the Trankeim 1963. The homelands summit system that they brought into existence in 1973 looked for a time as if it would develop into a system of genuine power sharing.

There has been consultation, but consulation is not the sharing of power. What is happening is that at those summit meetings one dominant policy negotiates with the representatives of the subordinate politics. The sharing of power has yet to come.

Mr. **Gray**. Mr. Price?

Mr. PRICE. As an indirect way of answering the question, let me introduce perhaps an insignificant but symbolically important anecdote from recent South African politics that refers to certain changes that have taken place after the announcement of the recent budget. That budget involves susbtantial gains in terms of a reduction in taxes for the white population. In the same legislation it was announced that the price of bread, the stable commodity for the urban African population, was going to be significantly raised, something like 60 percent. And the Government, announced that this was really unfortunate but given the economic situation, the South African Government had no other choice but to raise the price of bread because the price of the natural resources that go into making bread had increased and they didn't have the resources to subsidize the situation any further.

I would just suggest, from the point of view of the white population, that makes a lot of sense. But if power were restructured in this society so that the black population had substantial power over the distribution of resources, they could have easily kept the price of bread as it was and said that there were not enough resources available for an income tax reform which would have lightened the burden on the white population or for the huge spending on defense expenditures and so on.

Ultimately, when it comes to dividing up the resources by the South African Government, the question of power and conflict of interest come to a head. It is on those kinds of questions that I don't think any substantial change has been made, or that any substantial change has been planned.

Mr. GRAY. Thank you, Mr. Chairman.

Mr. SOLARZ. Thank you, Mr. Gray. Mr. Fithian has been waiting patiently. The chairman has been waiting even more patiently. Mr. Fithian, please proceed.

Mr. FITHIAN. Thank you, Mr. Chairman.

I would be interested in pursing along the lines of Congressman Gray. We all seem to agree that there is no great transfer of power. Therefore, I think that it is important for us to try to assess what kind of evolution is taking place.

I take it, Professor Seiler, that you believe that the evolution in the black urban community councils is real and that it would lead—I don't want to put words in your mouth, but it would lead to something viable in terms of exercising political power. Do I read you correctly?

Mr. SEILER. It has that potential, sir. With the four or five conditions I suggested, the effective control of councils by white staff, training of blacks to replace the whites, money for ongoing operations and for capital development.

Mr. FITHIAN. Do the other two witnesses see that as the potential or just a charade that we're going through?

Mr. BUTLER. Congressman, it seems to me that the crucial change that has to come in this kind of institutional restructuring is the acceptance of the necessity of bargaining with the representatives of black populations. The homelands to take an analogy for a moment, their budgets are not negotiated. The homelands are told what they will get by the South African Minister of Finance. It just comes down as a figure and then they have to cut their cost according to that cloth.

Again, we have still to, in the restructuring of the urban administration, how those things are going to be financed and what control Africans are going to have over revenue and whether they're going to be able to bargain over the size of the subsidy, because they are depressed areas—not depressed areas, but areas that have been discriminated against that would need an immense input of money beyond their own tax base. And there's no evidence that that is being considered.

Mr. FITHIAN. Professor Price?

Mr. PRICE. The scenario that is generally presumed in regard to changes, like the ones you mentioned, are seen as producing fundamental change in South Africa. This scenario sees these changes leading to true bargaining which over a long period of time will enable the black population to whittle away at the power and social economic privilege of the white majority.

However, I would like to draw a cautionary note about this incrementalist scenario, even though it is those using an incrementalist approach that are usually questioning others.

If you accept the overall period of centuries in which the Government has been controlled by a small minority, and has used the resources of government solely to redistribute the wealth of the system to itself; if you accept that in that situation there is a conflict of interest between the white minority and the black majority, not an insidious conflict, but a conflict in the sense that all individuals try to use government to improve their own life situation and the life situation of their family and friends and perhaps community, call that good politics.

And I expect from the point of view of the white population in South Africa a fairly rapid restructuring of the system that would allow for redistribution of wealth in the South African context. It is not in their economic and social interest. And that is a fundamental fact about South African life.

It seems to me that that fact will at some point come up against this incrementalist process. It is naive to believe the Afrikaner leadership is going to move down the primrose path whereby the position of their own constituents is fundamentally undermined. There will be a certain point at which they will say we've gone this far and we can go no further.

Indeed, although we're told here that Government leaders' statements mean nothing, the Prime Minister has been quite explicit in telling his followers he does not intend for those reforms to cut into their way of life. What is going on can proceed without any fundamental whittling away of the way of life of the South African white population.

Mr. FITHIAN. Which means that the evolution that we have referred to earlier does not necessarily undermine the present structure.

Let me ask one additional question, Mr. Chairman. Since the information that we have is that none of the significant or prominent black leaders participate in these councils, there seems to be some kind of division of political power within the structure. Furthermore we know that the bishop, with his cooperation, didn't get very far politically.

If the assessment is correct that nobody of any consequence is participating on the council, is it our role to further some kind of evolutionary change to a more equitable society? In other words, what is the role of the United States in this? Do we work along the lines of trying to nudge additional power to the councils? Do we work along the lines of casting our lot with the more prominent black leaders? Do we bring more pressure? Do we cut off business development or cut our businessmen out of going to South Africa? What is the policy recommendation that you make today?

Mr. SEILER. We need to wait on decisions of black leaders whether they want to participate in the Soweto council and other council elections. If Buthelezi participates I would take that in itself as a significant positive step worth sympathetic attention.

If Dr. Motlana participates by himself or in agreement with other members of the Committee of Ten, it would be a very low-risk proposition for our Government and individual organizations to be supportive of that part of the change in the political system, whoever wins the ensuing election.

It makes no sense for us to take sides in the politics between the Buthelezi camp and the Motlana camp or whatever camps might arise.

May I add that there is some concern among black leaders about becoming a Bishop Muzorewa. Apparently Mr. Buthelezi has decided this is a risk worth taking. Whether that will turn out to be a correct calculation or not, obviously no one can tell.

I presume his decision has something to do with his perception of support from large numbers of Zulu people and other blacks as well. That perception may or may not be an accurate one.

Mr. FITHIAN. Mr. Butler?

Mr. BUTLER. Congressman, on the implications for American policy, just a mild dissent from Mr. Price here. By talking about an incrementalist approach one is not committing oneself to say that a favorable outcome is going to be there. I am simply arguing that nobody knows what's going to happen in the future of South Africa, and nobody has it under control, least of all this country.

Our unwillingness to commit major resources into intervening in South Africa puts certain limits on the kind of policy that we would want to adopt. But in general I would say that any change in South Africa that increases the capacity of Africans to measurably improve their own position are to be applauded.

How we can in fact use sticks and offer juicy carrots is really the heart of the problem of the policymaker.

Mr. FITHIAN. Mr. Price?

Mr. PRICE. I would agree with Professor Butler. I think that one of the things that the U.S. Government might want to focus on, aside from the general concern with steps that would improve the living situation and political situation of the South African blacks, is to try in whatever way, with whatever pressures can be brought to bear, to provide support for the development of these autonomous organizations within the black population.

Ultimately when it comes to bringing internal pressure to bear, that is one of the things that the present South African system has fairly effectively undermined; that is, the creation of autonomous and effective organizations of labor or a political kind on the part of the black majority.

One specific type of policy might be to develop a policy of directed investment, a policy of monitoring the investment behavior and activities of our corporations in South Africa to determine whether or not they deal with the unions that are going to be developed under the new policy of the South African Government. The American Government, by the use of control mechanisms, can attempt to prevent the South African Government from undermining black South African organizations. You cannot prevent it but you can make it costly for the South African Government to remove registration from a union that seems to be too militant in the defense of its members. It is a real problem, something that may very well be built into the law and could happen in the future.

It would be useful if the American Government would monitor General Motors and other U.S. corporations to see how, in fact, the new labor system is being implemented and prevent to a limited extent—I keep using the word "prevent." I don't think that's what we can do—to constrain the South African Government from using its substantial control mechanisms to undermine the power and autonomy of African labor organizations. That would be one specific suggestion.

Mr. **Fithian.** Thank you, Mr. Chairman.

Mr. **Solarz.** I would like to thank the gentleman for his penetrating and pithy questions. The main topic for today's hearings, of course, is the whole question of whether the change that has been taking place in South Africa is cosmetic or fundamental. We have heard some differing assessments of what has been happening.

I would like to ask each of you to what extent you believe that the blacks in South Africa believe that the changes which have taken place are significant.

Mr. Seiler?

Mr. **Seiler.** I will begin——

Mr. **Solarz.** Not if they should think they are significant, whether they do think they are significant, whether they think that this represents significant progress, whether they think it has meant a meaningful difference in their everyday life, whether it has given them hope for additional change in the future, whether they essentially dismiss all of this as sort of a lot of froth that leaves untouched the other realities with which they have to live and to which they are so deeply opposed.

Mr. **Seiler.** I start with an obvious caveat, that no white person, whether he lives in South Africa or visits on a lavish American foundation grant should allow himself or herself the luxury of thinking that he knows what black people are thinking or feeling.

Upon saying that, there have been during the last 4 or 5 years, regular surveys of black attitudes, urban attitudes primarily, done by black interviewers obviously working for large companies and so on, marketing companies. If you will accept these as reliable——

Mr. **Solarz.** Do you have access to those surveys?

Mr. **Seiler.** I don't have the most recent ones, but I have the reports on all of them.

Mr. **Solarz.** Could you submit those for the record?

Mr. **Seiler.** Yes, sir. I would like to give you a coherent set.

Mr. **Solarz.** Without objection, if you could get that, I think it would be useful to have it in the record.

[The information referred to follows:]

### QUOTSO—Quadrant Omnibus to Soweto/First Report, December 1973

This was apparently the very first survey of black attitudes done in South Africa, aside from narrowly-focused scholarly studies. The survey involved 800 interviews with black adults in Soweto during the period June–September 1973.

Among a large number of questions asked, I have selected a few especially interesting ones:

1. Attitudes toward South African vs overseas-owned companies as employers: younger and better-educated respondents preferred overseas firms for better pay, more decent treatment, and less racial prejudice.

2. Present economic situation and attitude toward future economic situation: 71 percent felt their situation was no better than the previous year or even worse; while 42 percent expected to be better off in a year's time.

3. Thirty-two percent were relatively satisfied with Bantu education, but this percentage dropped for parents of students and more-educated respondents.

4. When asked what was most important for happiness in life, 81 percent mentioned money, 12 percent better jobs, 7 percent freedom of movement.

5. When asked which person they admired most, Gatsha Buthelezi was mentioned by 10 percent (this was some four years before Inkatha was started), with almost even response from all Soweto's ethnic groups (i.e., his support was not limited to Zulus)—no other person, black or white, received more than trace support.

6. When asked about the state of black-white relations, 32 percent said it was improving, 39 percent said it was unchanged, and 26 percent said it was getting worse—younger, better-educated, and better-paid respondents tended to be more optimistic.

7. When asked what were their biggest problems, 41 percent mentioned money, 12 percent mentioned pass laws and police raids, and 7 percent mentioned local crime.

8. Seventy-five percent of respondents agreed completely that ethnic affiliation was becoming less important than common ties as Soweto residents.

The Star, international weekly edition, 10 December 1977, p. 12, presents results of a survey involving 800 black women living in the major urban areas of South Africa:

1. Sixty-one percent thought general black-white relations were poor, 14 percent thought them average, 5 percent good or very good.

2. Thirty-eight percent thought their personal relations with whites were poor, 22 percent thought them average, and 23 percent good or very good.

These answers reflected a sharp increase in pessimism from a similar survey taken in April 1977: only 19 percent characterized general race relationships as very poor in April 1977, while 44 percent did so in October when this survey was taken; only 14 percent saw their own relations as poor or very poor in April, but 38 percent did so in October.

3. Fifty-one percent thought black-white relationships were worsening (compared to 37 percent in April), and only 5 percent thought they were improving (compared to 12 percent in April 1977).

4. When asked their estimation of family prospects in a year's time, 51 percent expected to be worse off (compared to 33 percent in April 1977) and only 12 percent expected to be better off (compared to 19 percent in April 1977).

5. Asked about the government's handling of race relations, 73 percent replied it was less than adequate, and only 5 percent indicated it was adequate or better.

6. Seventy-one percent thought the prime minister was not leading the country effectively, compared to 6 percent who thought he was doing a more than adequate job.

7. Sixty-eight percent were pessimistic about the future of South Africa, with the percentage highest among the well-educated.

The Star, international weekly edition, June 10, 1978, p. 12. A survey involving 800 black women in urban areas, 500 black men in urban areas, 500 Indian women in Durban, and 300 coloured men in Cape Town.

1. Pessimism about the general future of South Africa was exhibited by 62 percent of the black men, 54 percent of the black women, 49 percent of the coloured men, and 25 percent of the Indian women.

2. Asked about government handling of race relations, 81 percent of the black men, 70 percent of the black women, 64 percent of the coloured men, and 38 percent of the Indian women gave it less than adequate marks.

3. When asked about prime minister Vorster's leadership, 68 percent of the Indian women approved, 30 percent of the coloured men, less than 30 percent of the black women, and less than 11 percent of the black men.

4. Fifty-four percent of black men, 46 percent black women, 25 percent coloured men, and 95 percent Indian women were negative about the state of race relations.

5. Forty-seven percent of black women said their economic situation had worsened in the previous year, compared to 42 percent Indian women, and 28 percent coloured men.

The Star, international weekly edition, February 23, 1980, p. 1. A survey among Soweto residents commissioned by The Star and carried out by the research firm, Marplan, took the recent raid on the Volkskas bank in Silverton for its focus. Black interviewers surveyed 504 blacks asking just two questions:

(1) "What is your opinion of the men who attached the Silverton bank in Pretoria?"

(2) "What effects do you think the Silverton bank raid had?"

To the first question, 37.9 percent thought the raiders were heroes, 35.1 percent thought they were brave men desperate to bring change, "though in a way I would not choose," 12.9 percent thought the men were misguided, 5.2 percent saw them as criminals, and 4.8 percent thought they were political extremists who would harm the interests of black people.

To the second question, 41.9 percent answered that it would "teach whites that blacks are losing patience," 20.6 percent thought it publicized black grievances in a dramatic way, and 12.5 percent felt it would advance the interests of black people.

The Star, international weekly edition, March 29, 1980, p. 1.

A report of a survey done by The Star's research department, in which 502 whites (a random sample) were asked their views about the government's release of Nelson Mandela. Of the total; 323 were English-speaking and the rest Afrikaans. Of the total sample, 23 percent opposed even consideration of his release, 17 percent thought he should be released but banned from political activity, 16 percent favored his release if he renounced the use of violence, and 10 percent were for his unconditional release. (There were obviously other unreported options.) There was a basic difference between English-speakers and Afrikaans-speakers: the former support Mandela's release or steps leading to it by 63–30 percent, while the latter choose his continued imprisonment by a margin of 61–36 percent. Nonetheless, 44 percent of Afrikaners conceded that the government must consider releasing him someday. Of 208 people who refused to respond, 75 percent were Afrikaners.

Editorial, from The Star (Johannesburg), May 22, 1980.

### CUE FOR COEXISTENCE

Robert Mugabe's triumph in Zimbabwe has given a huge boost to black nationalist politics in South Africa and caused corresponding dismay among most whites here. How justified is this alarm, though, in its implications for a South Africa under eventual majority rule?

In an attempt to evaluate such questions scientifically, the Markinor research firm polled urban blacks on their attitudes to the new Zimbabwe—and elicited a surprising result.

Asked what they thought best for the future well-being of Zimbabwe, a miniscule number felt that whites should be kicked out. A larger sample of the poll thought that whites should leave voluntarily. But the most popular choice—44 percent of men and 25 percent of women—was that whites should stay on. (A substantial proportion, particularly among women, was not aware of the Zimbabwe election.)

"Although the question concerned Zimbabwe and not South Africa," the researchers comment, "the results show a basic attitude toward black-white coexistence. In this light it is encouraging that most blacks regard black-white coexistence as profitable and desirable."

An interesting thought for whites to bear in mind as history marches inexorably on across our subcontinent. Certainly it is a more valid thought than panicky reflexes of fear.

Mr. SEILER. I have taken these over the last years to be indicative of immediate attitudes as reliable as survey polls can be in this country since they are done by blacks, black interviewers. For example, in 1974 and 1975 urban blacks were relatively optimistic about their immediate working and family situations and race relations in the country. During and after the 1976 riots they were pessimistic.

I believe the last one that I can recall was toward the end of last year—I may be wrong about the dates. It was after the Prime Minister's visit to Soweto. The marketing people obviously wanted to take advantage of that for survey purposes. There was a relative degree of optimism about immediate prospects in race relations.

My inclination has always been to be wary of using these surveys to make judgments about political action—as distinguished from attitudes—and to recognize that by their nature they underestimate the potential impact of activists like students. There is no way that those surveys could have explained the students' participation in urban riots in Soweto during 1976 or the students now demonstrating about their education.

More basically, one thing that I learned in South Africa is that, black people live on a number of different levels. One level is to make sense of immediate opportunities and to cope with the immediate frustrations, and that's what is reflected in the surveys and in such pragmatic behavior as not joining work boycotts, not going on strike, not using violence. For example, university students have not yet joined the current student demonstrations. Frankly, I don't know how to explain this, but a possible explanation is they are being pragmatic.

Let me go on. All I am trying to say, if you want to explain what blacks might do, I think there is a profound underlying frustration. That's all I'm trying to say.

Mr. SOLARZ. The answer to the question basically is you really don't know what the reaction of the blacks in South Africa has been to the various changes which you characterize as constructive.

Mr. SEILER. I think the survey says, the most recent survey says they are encouraged. What I am saying, I don't want to assume I know precisely, because my own instincts are, to use your word, sanguine.

Mr. SOLARZ. Right.

Professor Butler?

Mr. BUTLER. I can only talk from one aspect; that's in relation to the homelands and some work I did on Kwazulu. One of the things that I think is clear, that the people who participate in the homelands system are not stooges. And Buthelezi has said over and over again they see this as the only tactical way, and they have never accepted the legitimacy of the system as a whole, nor have they accepted that the achievement of independence restores legitimacy to the whole system.

I would say that it is a combination of skepticism about the future, but hope has not entirely disappeared.

Mr. SOLARZ. Professor Price?

Mr. PRICE. I am not aware of any reliable way that I can determine at the mass level what the attitude or hope is of Africans or blacks toward the reforms. From the reactions, some of which have been discussed, it is quite clear that at the leadership level these reforms create a need to make a decision which is fraught with difficulties.

The most tactical and strategic position has to be made, and there is no way to indicate which way the people will move. Buthelezi has developed a tactic and evolved it rather successfully of utilizing a Government structure to be able to organize significantly, even outside of Kwazulu, and to offer a voice of criticism to the government.

The new reforms will extend the areas in which this kind of tactic can be utilized.

Mr. **Solarz.** Could each of you very briefly summarize what you consider to be the significant or constructive changes that have taken place in the last few years?

Mr. **Seiler.** Community councils that I alluded to, black unions, with reservations I share with Professor Price, some increase in job opportunities, we have not really talked about that, although they're at the stage we were in about 1960 with the symbolic black working for the black share of the market. In terms of policies, those are it.

Mr. **Solarz.** Professor Butler, any other changes?

Mr. **Butler.** No. I would just emphasize the significance of abandoning the absurdity of regarding the South African urban black populations as temporary. I think that is fundamental.

Mr. **Solarz.** You're referring to the speech by the Prime Minister?

Mr. **Butler.** Not merely that. Let me backtrack from the speech. Obviously it will get me into a lot of trouble. Simply the willingness to consider substantial institutional change in the governments of cities.

Mr. **Solarz.** Professor Price?

Mr. **Price.** Moreover, more resources have been made available which could be used by the South African black population to more forcibly represent their position. I emphasize the word "could," not "will." That is an open question for the future.

Mr. **Solarz.** Leaving aside the question of political power which is obviously a very important one, to what extent do you think that there is any possibility that the white establishment will be prepared to eliminate over a period of time all of the social and economic aspects of apartheid?

Mr. **Seiler.** I would go back to the editorial I quote. I think that attitude is surprisingly widespread. I don't think all the implications have become clear to the people who profess it. That is something they need to be prodded about repeatedly. But there is a genuine commitment there. You do remember the things left out other than politics—residential and educational. Many of us might have profound reservation about that part.

Mr. **Solarz.** So that is an important element of the social and economic aspects of apartheid.

Mr. **Seiler.** They will not easily change.

Mr. **Solarz.** Your feeling, leaving aside the question of political power, that even under the best of circumstances, the present government has no intention of eliminating the residential and educational aspects of apartheid?

Mr. **Seiler.** Certainly not the residential. If there is going to be any change in education, it will be obviously from the top down and slowly.

Mr. **Solarz.** Professor Butler?

Mr. **Butler.** I find it a difficult question to answer, partly because, if I am consistent with my theme of lack of control earlier, what we cannot foretell is whether the reaction is going to be to have more Sowetos. We've not seen the last of them. There's going to be disorder, and what the impact will be on Afrikaner decisionmakers is another question.

Mr. SOLARZ. Professor Price.

Mr. PRICE. I have difficulty responding. I don't think you can separate social and economic reforms from the social and political reality. Also, social and economic reforms in the system cut into the way of life of the white population. They become a political question, for political actors in a parliamentary system have to worry about their constituents.

Mr. SOLARZ. Do you believe that the South African whites could have a role to play and a meaningful opportunity to fulfill their legitimate ambitions and interests within the framework of a South Africa in which all of the people of the country were entitled to participate in the political system on an equal basis; or do you think that inevitably if the whites granted political power to the blacks that they would be overwhelmed, their way of life destroyed, and that all of the fears which they have about their ultimate status would turn out to come true?

Mr. SEILER. I do not think it inevitable. I find it kind of difficult to imagine that point arriving peaceably if by that you mean some sort of national state in which there is large-scale participation at the center as well as the lower levels of government.

What my optimism amounts to, to the extent that I'm optimistic, is that the incremental political change can build up to—in what would be basically a devolution of power from the National Government—subregions or regions that obviously would have to be nonracial. It does not mean much at the local level because the local communities are of one race or the other. But it would be meaningful at the point at which there are subregional or regional powers of a substantial sort with the Central Government holding limited residual powers.

Mr. SOLARZ. I'm not asking what ultimate evolution you see so much as I'm asking whether you feel that the interests of the whites are compatible with the full participation of the blacks, and the colored, and the Asians in the political system of the country.

Mr. SEILER. Mr. Chairman, forgive me. There is no way in the world I could answer that question without talking about the nature of the political system, unfortunately.

Mr. SOLARZ. Honestly, fundamentally I would have to disagree with you. You may have different judgments about it. I've been in South Africa on many occasions, and one of the things that strikes me is the variety of opinions you get on this.

I think there are a lot of people in South Africa who genuinely believe that if the whites were prepared to make meaningful concessions today that in point of fact that their interests are compatible with meaningful participation by the black majority in the political system. But the longer it takes them to make those concessions, the less likely it will be for them to have a place in South Africa within the framework of, say, majority rule. Whereas obviously there are plenty of people, particularly in the Afrikaner community, that feel if these concessions were made, even if they were made yesterday, it would be all over for them. I am asking your judgment.

Mr. BUTLER. As an academic liberal I cannot commit myself to the kind of institutional pessimism that no kind of resolution is possible.

If you're some kind of a determinist, then you can in fact look at the thing and say it's totally hopeless. The forces are irreconcilable. You can't get anywhere.

**Mr. Solarz.** I'm not asking whether change is possible. There are several questions I'm asking fundamentally; from the point of view of the whites, is their own self-interest such that if they want to preserve an opportunity for a satisfactory life they have to resist these changes, or is an opportunity for a satisfactory life compatible with the kind of changes that the black majority is asking for?

**Mr. Butler.** I think they are. If one looks at the history of similar communities in Africa since the war, there is a consistent failure to begin bargaining in time. It is the beginning of bargaining that is the crucial thing. The bargaining process will be very long, and you're not going to end up with a one-man one-vote, British-style constitution. The outcome is going to be very different.

**Mr. Price.** Basically I agree with the description you gave earlier. I think it does depend upon how rapid the method is by which change takes place and how rapid that change is. I think that what I am more pessimistic than optimistic about in contrast to other people on the panel, is that I do not see those large-scale changes on the agenda which could produce this kind of situation which you mention.

**Mr. Solarz.** Very briefly, do each of you think that meaningful, peaceful political change is possible; and by peaceful I mean change which takes place outside of the context of massive, sustained violence. Obviously some violence has already begun to occur—but a situation similar to what you had in Mozambique, or perhaps in Namibia does not yet exist. Do you think that it is politically conceivable and possible for the whites to agree to real political change, giving blacks an opportunity for a meaningful participation in the political process in the absence of violence?

**Mr. Seiler.** Yes.

**Mr. Solarz.** Professor Butler?

**Mr. Butler.** I think that the violence is going to come. It is whether the negotiation begins in time to cut it off.

**Mr. Price.** I would agree with Professor Butler. I think the violence is going to come. I would point out in the Zimbabwe case it took violence to get people to a point where they could hope to be introduced to a multiracial government.

**Mr. Solarz.** It strikes me that the prospects for peaceful change, such as they are, obviously depend on the willingness on the part of not only the whites to make concessions, but the indigenous black leadership to work within the framework of the opportunities that they are being given.

In those terms it seems to me that a lot depends on how the white establishment characterizes the concessions that they are prepared to make. If they characterize them as the final dispensation, as the most that the black majority can ever hope for, this is it, take it or leave it, it seems to me very likely that the indigenous majority will reject it on the grounds that they cannot legitimize a status of permanent inferiority; whereas if the changes that are being offered are characterized as temporary, as a way station to an ultimate dispensation, that presumably would maximize the prospects for indigenous black participation.

I'm interested in whether you would agree with that assessment.

Second, given the political realities within the framework of the white community, what are the possibilities that the current leadership will in fact characterize what they are offering as progress toward some undefined goal, or whether the political pressures on them will force them to say this is it and no further because of the problems that they have with their own constituents?

Mr. SEILER. On the level of overall constitution making, it seems to me that the South Africian Government has continually set final goals and then forgotten them and gone on to new final goals. I think we can expect the Government to continue to do that. I think the black leadership is astute enough to accept that as a part of the game, indeed, to prod the South African Government to make changes, in fact, in overall constitutional policy even though it cannot or will not concede that it is making changes.

I must admit, though, that when you get down to the nitty-gritty level—say of a change that would involve the shift of funds from one governing activity to another—if the South African Government says now, this is the end of it, the black leaders would be a bit naive to go on with the process. At that level it's clear that change is not possible.

Mr. SOLARZ. Professor Butler?

Mr. BUTLER. At the present stage there's no likelihood that the Government is going to come out with a statement committing itself to a program of fundamental overturning of the system. Any statement by a politician is addressed to at least two constituencies. I do not believe that when the Government says something to Buthelezi that this is it, that Buthelezi believes it.

Mr. PRICE. To follow up on that point by saying it seems to me the crucial question for the future is not whether the Government declares what they've introduced as final, but whether or not the African leadership is able to use what the Government gives them to expand their potential; and here I think the international community can play a significant role.

Mr. SOLARZ. Professor Price, at the beginning of your testimony you referred to the European minority in South Africa. I don't want to engage in quibbles, but do you not think that after 300 years of continued existence in a country, that the white people in South Africa ought to be considered to be Africans?

Mr. PRICE. I grant you that. I'm not sure everybody in what I call the European community is in fact white. That is a color. I don't like those racial categories. I will try to find another one.

Mr. SOLARZ. You would distinguish between the whites present in South Africa and the whites present in Zimbabwe or Mozambique or Angola?

Mr. PRICE. That is correct.

Mr. SOLARZ. These people are Africans, whatever else anyone may think.

Mr. PRICE. As much as Americans are Americans.

Mr. SOLARZ. I see that we have a vote. I'm going to temporarily turn the chair over to Chairman Gray for another 5 minutes or so. I have a group of senior citizens waiting with pictures to be taken of me in the Capitol. But we will resume when we go on the second bell. We will resume in about another 10 or 15 minutes. I will be back.

Mr. Gray. We have just seen a cosmetic change.

Mr. Solarz. But it is a constructive change?

Mr. Gray. That is right. No change in power relationships.

Mrs. Fenwick, our colleague from New Jersey, perhaps you would like to ask a few more questions before the second bell.

Mrs. Fenwick. Yes, because we have a vote. I think you are right, those of you who have said that a government is always going to say this is the end; then it is never the end. I think, to speak for a moment to Dr. Price's point, in the long run if something does not work, you speak of this conflict of interest inevitably between the white Africans and the colored and black and Asian-Africans. But when something does not work, whether you like it or not, you are going to have to change it. In other words, it is not to your interest to see your entire economic structure torn apart with riots, bombs, guns, and what all.

It does not make any difference what privileges you have enjoyed. If the present system is not working, you are going to have to change it. So I do not think—in other words, I would hope that before it gets to some terrible, bloody confrontation with guns that the changes that are brought about little by little by the unrest on account of just demands not being met would in itself bring it about regardless.

I don't think we have to contemplate that just because people have interests that they want to preserve, that they're going to be able to preserve them, because when it does not work—I remember years and years ago, 45 years ago, sitting next to a very, very famous and fine jurist—I will not give you his name because I don't think it is important—but we were talking. We were discussing nazism.

He said my dear child, you appear to think that it's evil, and I said I do indeed think that it's evil. How do you characterize it? He said I look at things either that they work or they don't work—a curious difference.

I don't think that apartheid is going to work, and I do regard it as evil. But I think in the long run it is going to fall apart just because it does not work. And the system that you described here, failing one after another in the changes made in order to find some adjustment so that they can work a little longer, I think that is inevitable.

It seems to me that's what's going to happen step by step because it is not going to work. And the more you educate people, whether it is through these cadet schools that some of the companies are running, so that they can take courses to enable them to enter into the white universities, because courses are not offered in the black universities, or whether they have the right to say we want English rather than Afrikaner. A number of changes like that will make a difference. I do not think it can be resisted.

What I would like to ask all of you, suppose we watch here from this side. It's very difficult to interfere directly in the government of another nation. What can we usefully do? Would it be useful, for example, if a number of us applauded the steps when they are taken, when they come to our attention, but continue in that same level of approval or congratulation on what we hope to see in another area?

Would that be a good strategy? Would you recommend it?

Mr. Price. Surely.

Mrs. Fenwick. You would?

Mr. **Price.** One might also comment on what the potential negative consequences of these things are and suggest that one hopes that the positive things will be accentuated rather than the negative things.

Mrs. **Fenwick.** Would you think that a good idea? We have a group of people here who are interested in this Congress in Africa, and it would seem to me that that would be appropriate. What would you think, Dr. Butler?

Mr. **Butler.** The choice as to whether we're going to intervene or not intervene in South Africa is a nonchoice. We are intervening. There is no way of avoiding intervention when one is talking about the method to do it. Your suggestions sound to me fine.

One thing that one ought to remember while I've been talking about failure here. There has been a sense in which the whole apartheid system has succeeded—that a modern industrial economy is being kept functioning at a very high rate since 1948, and the failure is coming in the political and social signs that a breakdown is coming. And the South African economy still functions, but one thing that has happened in the last 20 years or so, South Africa's loss of professionals is absolutely staggering, and there is no statistical——

Mr. **Gray.** If the gentlelady would yield, why are they losing those professionals?

Mr. **Butler.** Mostly young English speakers who are alienated from the system who have gone into a university atmosphere which is far more radical than their parents were in, and they've gone overseas. You go into any educated family in South Africa, and you find one or two children overseas.

Mr. **Gray.** What do you mean alienated from the system? They're opposed to apartheid, is that what you're saying?

Mr. **Butler.** Yes. Don't let me exaggerate it. South African universities are not homogeneously liberal institutions. A very important proportion of politically active people have been opposed to the system from 1948 onward. And I just meant that that migration of highly professional trained people just simply compounds the manpower problems of the society.

Mrs. **Fenwick.** I am aware of it, too.

Mr. **Gray.** Mr. Seiler?

Mr. **Seiler.** There is no question that we need to be critical and constructive. Somehow one always gets tangled up about what to do when. But the one stumbling block, it seems to me, chronic in our policy throughout the 1960's certainly and the 1970's has been our understandable reluctance to talk about goals for political change. And I think the time has just about come, despite what I said about U.S. Government policy not being too terribly important, for the U.S. Government to begin to articulate how it feels about overall goals.

It would not have made sense even a few years ago to have said anything positive about homelands, even though there were some positive things to say. I think that now it begins to make sense as a public posture to look at the connections that are inherent, I think, between local governments and councils, homeland governments, and begin to talk about how we feel. This could evolve, given the political will on the part of the South African Government. It is not an easy thing to do, but at least it's a basis without the inevitable and totally negative fallout that we would have gotten until recently.

Mrs. **Fenwick.** We have to vote.

That is very interesting. We could do it as members of not the Government but as individual Members of Congress joining together perhaps.

Mr. **Gray.** We'll return in about 5 minutes.

[Brief recess.]

Mr. **Solarz.** The hearing of the subcommittee is called to order again. The witnesses will please resume their places at the table.

Mr. Price, in your testimony you spoke at some length about the recommendations of the Wiehahn Commission as a manifestation of some of the changes that have taken place. Do you know whether under the existing situation in South Africa as a result of the recommendations of the Wiehahn Commission that the so-called commuters are able to join black labor unions?

Mr. **Price.** Under the Government policy in response to this, I believe commuters have been included.

Mr. **Solarz.** They have?

Mr. **Price.** Yes. Effectively what is going on in the ground right now is something to which I have no knowledge.

Mr. **Solarz.** As I understand, originally commuters were supposed to be excluded, and a substantial percentage of the members of the black unions were commuters. So this was seen as a step backward rather than a step forward. I gather that position has been modified.

Mr. **Price.** It is modified.

Mr. **Solarz.** Any indigenous black is considered eligible for membership in a black labor union. That doesn't apply, however, to Africans from neighboring countries?

Mr. **Seiler.** Right.

Mr. **Solarz.** That does apply to Africans from the homelands?

Mr. **Seiler.** Yes.

Mr. **Solarz.** Does that apply to Africans from the independent homelands as the Transkei?

Mr. **Seiler.** That is a very good question. I've never seen it put that way. My guess is that it would apply. There are so many of them commuting.

Mr. **Price.** I believe the answer to that is yes.

Mr. **Solarz.** Have any black labor unions in fact registered under the terms of the law?

Mr. **Seiler.** Mr. Chairman, I've just seen something in the parliamentary debates about that. As of February of this year there was a small number of roughly 5 or 10.

Mr. **Solarz.** How many black unions are there in the country?

Mr. **Price.** I do not know.

Mr. **Solarz.** Have most of them not registered?

Mr. **Seiler.** Yes.

Mr. **Solarz.** Why not?

Mr. **Seiler.** There is a discomfort or apprehension about registration.

Mr. **Solarz.** I've been told by some people that certain assurances would have to be given to secure government approval.

Mr. **Seiler.** That's the first step. Once registered there is apprehension about what controls might be applied.

Mr. **Solarz.** If in fact most of the unions have been registered, then that would diminish the significance of the change as far as that particular change. It's like saying anybody can live in this neighborhood, but nobody lives there.

Mr. **Butler.** A significant move to unionization will come if and when unions can develop some substantial success. It seems to me that their attitude is bound to be cautious in the beginning.

In the membership of the homeland leaders, the homeland populations and independent homelands would be allowed membership. It's going to be impossible to administer any other than a policy of allowing people in the workplace to unionize.

Mr. **Solarz.** In relationship to the homelands policy, are blacks who are ascribed to one of the homelands given South African passports? Or must they obtain passports from their homeland if they want to leave the country?

Mr. **Butler.** Well, as recently as 1978, Dr. Motlana, he wanted to go to a conference in Germany. They refused to give him a South African passport, and he refused to go.

Mr. **Solarz.** What is the general policy?

Mr. **Seiler.** An individual must apply, a black must apply for South African passport. He has the homeland passport by right.

Mr. **Solarz.** Can blacks get South African passports?

Mr. **Seiler.** Yes; they can.

Mr. **Solarz.** Do they?

Mr. **Seiler.** Yes; they do.

Mr. **Solarz.** Most of them that apply, do you know?

Mr. **Seiler.** I should not say this. I don't know. I don't know the numbers. That's a fact I could check out for you, sir.

Mr. **Solarz.** Are any of you in a position to let the committee know what differences there were, if any, in the more significant recommendations contained in the Commission report and the extent to which those recommendations were actually implemented by subsequent legislation?

Mr. **Seiler.** I would defer to Professor Price on the Wiehahn Commission, but on the Reiker report, the basic recommendation is that influx control be handed over, given away by the central government through a combination of the employer and the local authority, which would really mean the black township in which the black worker was sited.

If a black man or a woman had a job and had housing that would satisfy the Reiker conception of control. It would be an economic, demand-oriented kind of control. The Government's response to this, as you know, sir, has been fitful.

First the Government said that it was premature, in its white paper, to give up the police responsibility for influx control, although in the longer run it accepted the commission recommendation. Then Dr. Koornhof announced a test of no government control in Pretoria and Bloemfontein, but he had failed to consult with the white mayors of those two cities. And there was a lot of flak within the National Party parliamentary caucus about this. Within a day or two he reported back and said he was doing not a test ending of influx control but a statistical survey, whatever that means.

As far as I know that survey has not ended, although there are occasional sounds in the press that there will be some modification in who controls influx control. Nothing has been done yet.

Mr. **Solarz.** In his book "Cry the Beloved Country," Alan Paton wrote, "My great fear is that by the time whites turn to loving, the blacks would have turned to hating."

Do you think that fear has come true, or do you think there is still time for the whites to cooperate with the blacks and the blacks to cooperate with the whites?

Mr. **Butler.** I do not see how likely this is, that is to say, that it is too late. What astonishes me is the openmindedness and degree of moderation in South African black people. Thinking back on the really rough days of the civil rights movement in this country, there is a pleasantness of demeanor and a willingness to discuss all sorts of issues, and a willingness to discuss their position that I find quite remarkable.

Mr. **Price.** I agree, but I'm reluctant to generalize from that kind of observation what lies deep down in political and social attitudes. Historically one could see these things shifting very rapidly. If you were holding a hearing on Iran in 1976 or 1977 and asked people what the Iranian people think about America, probably the answer would have been tremendous support, we love America. I'm really reluctant.

Mr. **Solarz.** It struck me when I was in South Africa on my first trip there 4 years ago that one of the most oppressive aspects of the current system is the extent to which the migrants were unable to bring their families with them, and they would only see their wives and children a brief period each year when they returned to the homeland.

Has there been any talk in Afrikaner circles about changing the rules that prohibit migrant workers from taking their families with them? Are there any proposals to that effect in any of the Commission reports that have been submitted?

Mr. **Seiler.** Mr. Chairman, if you mean by "migrants" precisely short-term employees and mineworkers——

Mr. **Solarz.** I don't know how you characterize a short-term employee. I'm talking about somebody who has a full-time job except when he has a vacation for a few weeks, a month, or a year, who is working in a mine somewhere or in a city, and his wife and children are not living with him. I'm not talking about a temporary worker who works 1 day a week 50 miles from some——

Mr. **Seiler.** Nor am I. The Government is now committed in its definition of urban blacks, permanent urban blacks, for the inclusion of their families. The permanency in terms of employment is that these people have jobs in industry or service, not in mines, as far as I know. The only place where miners have families is an Anglo-American mine near Kimberley.

Mr. **Solarz.** There are thousands upon thousands of black workers in South Africa who are working in cities or around cities or whatever whose families are not living with them. One of the reasons they don't live with them is because they are not permitted to live with them. That is the case, is it not?

Mr. **Seiler.** That is no longer the case by policy. I'm not sure all the statutes have yet been changed.

Mr. **Solarz.** This is what I'm trying to find out, if somebody can't afford to bring their wife and children, and they really opt to live away from them in order to earn more money, that is their decision to make.

Now, this is not unheard of. There are millions of immigrants that came to this country, worked for a few years until they could save up enough and then sent for their families. I understand that.

What I want to know is as a matter of law and policy does this situation still exist? If so, are there any suggestions for dealing with it?

Mr. **Price**. To begin with, it's hard to know what the policy of the South African Government will be. There have been promises to those with wives and children, those with legal rights, legal rights in the cities.

The point is there are thousands of workers who have not been processed through the labor bureaus and have no legal right to be in South African cities who are working and working permanently there.

Mr. **Solarz**. What about the people who are there who have the work permits, are working appropriately? Are they now in a position to bring their wives and children?

Mr. **Price**. At least in regard to announcements of what future policy will be by the Prime Minister. I don't believe the actual laws and regulations have in fact been implemented so that——

Mr. **Butler**. There was a moratorium recently. They allowed a lot of people who were technically illegally there to register for permanent open occupancy. I think there is as yet no clear articulated policy to move the whole system away from its dependence on migrant labor. There is no fundamental shift in policy in that sense, that anybody who has a job in the city is entitled to live there. That has not yet been reached.

Mr. **Seiler**. There is a practical constraint on all of this. I believe that the Government has shifted its regulatory basis. It has not been reported that legal workers have been kept from keeping their families; but the shortage of housing, the abysmal shortage of housing is a profound restraint. You could argue that the individual could bring his family anyway and live 12 to a house; but the fact is it is a serious constraint.

Mr. **Solarz**. Would all of you agree that the ultimate future of South Africa will depend on how the question of political power is resolved? However helpful the elimination of petty apartheid may be, that ultimately what the black majority will want are adequate political arrangements, however those arrangements may be defined. Would you agree with that?

Mr. **Butler**. Yes.

Mr. **Seiler**. You did say ultimately.

Mr. **Solarz**. Yes.

Mr. **Seiler**. Yes.

Mr. **Solarz**. There may be dramatic changes in the social and economic aspects of apartheid in time. Is it conceivable that the permanent dispossession of the blacks from any kind of meaningful political power in the context of the total elimination of all the other aspects of apartheid would satisfy them or not.

My impression, frankly, is it probably would not, but I'm interested in your assessment.

Mr. **Seiler**. I do not think it should. I think analytically going back to what several of us said earlier, it's awfully hard to know what blacks are thinking, but it should not satisfy them. It would be wrong to make a policy predicated on the notion that perhaps they would be satisfied with socioeconomic things.

Mr. **Solarz.** Would you all agree that ultimately whatever arrangements from the political point of view are acceptable to the people in the country should be acceptable to us?

Mr. **Price.** "Us" being the U.S. Government?

Mr. **Solarz.** Yes. Would you agree with that? If, for example, the blacks had a change of heart and decided that the homelands policy was a constructive way of resolving the problem and there were ways in which that consent were legitimately expressed, I gather you would consider that acceptable to us if it is acceptable to them.

Mr. **Price.** Sure.

Mr. **Solarz.** Is that correct? The record does not reflect nods and grunts.

Mr. **Seiler.** Yes, sir.

Mr. **Butler.** I don't see how conceivably we could refuse, but the practical problem is that unanimity does not exist in this world. You will have the practical problem of deciding whether the guys who say "Let's accept it" are the legitimate leaders. You are going to have people to the left of them.

Mr. **Solarz.** In terms of facilitating constructive change in South Africa, I'm interested in your views toward the role of American investment. Specifically would you favor a policy of disinvestment? Would you favor a policy of prohibiting new investments? Would you favor a policy of legislatively mandating compliance with the Sullivan code? Or would you be against any of these particular legislative approaches to the whole question of American investment in South Africa?

Mr. **Seiler.** I am for the engagement, the engagement of corporations. I don't think we're at a stage where we have a basis for very precise evaluation of that engagement. I think in that sense I agree with Professor Price. I think we need this legislation, I think we need some evaluation of the codes themselves; for example, I may have sounded remarkably unradical in some ways, but I'm quite skeptical of the Sullivan code. Having spent time in South Africa, it's very distant from South African situations, very abstract, very general.

I do know a bit about the South African code which is a kind of response to foreign codes. That, too, is remarkably abstracted from industrial situations. There are intermediary steps that need to be taken if one accepts as a policy premise the constructive engagement of corporations.

Mr. **Solarz.** You would be against legislation requiring disinvestment and prohibiting new investments?

Mr. **Seiler.** Certainly those two things.

Mr. **Butler.** I am for constructive engagement. I don't have anything to add to Mr. Seiler.

Mr. **Price.** I would just add I too am not in favor of a legislative policy of disinvestment or divestment. I would favor some constraints on corporations which would tie future investments to compliance with a more extensive code than the Sullivan code. The EEC code of conduct is a far better example than the Sullivan code because it takes into account the issue of labor-management relations, which I think is the key in terms of leverage of American corporations.

Mr. **Solarz.** How would you feel here about a prohibition on new investment as distinguished from disinvestment?

Mr. **Price.** It seems to me you do not buy anything thats' simply preventing more investment. I would tie new investment to the behavior of corporations, tie it to behavior of corporations in respect to a code of conduct which included dealing with powerful autonomous trade unions.

Mr. **Solarz.** I suppose that most of you would probably feel that the major impetus for change in South Africa has to come from within South Africa itself.

Mr. **Butler.** Yes.

Mr. **Price.** That is true.

Mr. **Seiler.** Yes.

Mr. **Solarz.** Most of you would feel that we can have only a limited impact on the future and evolution of South Africa, is that true?

Mr. **Butler.** Yes.

Mr. **Seiler.** Yes, sir.

Mr. **Solarz.** If that's the case, then let's say hypothetically you would conclude that a policy of disinvestment or a policy in which new investment was prohibited would not have a particularly constructive impact on the process for change, because not much of anything we would do would have a constructive impact, or to the extent that such a constructive policy would win friends for us in the rest of Africa. How about the extent to which that it might more closely and meaningfully identify us with the aspirations of the indigenous majority within South Africa itself without simultaneously significantly setting back the prospects for real change? We may be in a position to have an impact on the relations with the other countries who are concerned about South Africa, and on the attitudes of the majority in South Africa who someday may be in a position of power in the country.

Mr. **Butler.** Again, one has to be careful about being too sure about the future. If, for instance, there were a series of polarizing events, more Sowetos, you might get a condition of opinion in this country that's going to change the whole ball game altogether, and which, as a result of that, might make our policy toward African opinion in South Africa a more urgent political problem.

That is not the position we are in now, so one is dealing with all sorts of probabilities here that I find very difficult to handle.

Mr. **Seiler.** Well, I'm in favor of more investment with some of the constraints that Professor Price has suggested, so it's very hard for me to find advantage in a policy of disinvestment, because I believe more investment of certain sorts can contribute to productive, constructive change within South Africa. In other words, I don't accept your argument, Mr. Chairman, that disinvestment would at the least have no detrimental impact on constructive change within the country. I accept the rest of your argument.

It is easy to say, and I suppose I should say it, recognizing the difficulties of implementing it, but some of the nuances that all of us have conveyed with some slight differences from one to the other might well be conveyed to black African heads of states and black African scholars and the rest.

I spend some time around the United Nations in its atmosphere of political analysis. What underlies the rhetoric, on the whole are certainly diverse values, diverse points of view, but also lack of factual detail. That seems to me to be important.

Mr. **Solarz.** What actions would the South African Government have to take to convince you that they were moving in the direction of meaningful political change in the country, assuming that the Prime Minister is not about to announce an instantaneous conversion to the philosophy of majority rule, and that change is going to take place in South Africa. By definition it will be incremental.

What changes would they have to implement or call for that would convince you that from a political point of view the Government is moving significantly toward accommodating concerns of the majority?

Mr. **Price.** I would say that a change which brought, even if not in a controlling manner, but nonetheless brought blacks into a position of having a substantial say over the central government policy in South Africa into a constitutional arrangement which the black political leaders were involved in the cabinet-level and parliamentary-level decisionmaking, would be a definite step in that direction, and would be distinguished from a situation in which within the constitution there are built-in parallel structures where blacks, coloreds, and Indians have their own political arrangements and have responsibilities over their own communities.

I would say that's a quite different kind of trajectory, much different from sharing power in the South African core which is the issue.

Mr. **Solarz.** Do you have a suggestion as to how to achieve this without establishing majority rule? How do you get blacks into the position of cabinet-level responsibility on a national basis outside the context of majority rule?

Mr. **Price.** You posed a scenario for me. Frankly I have not thought it through.

Mr. **Solarz.** I'm asking you for examples of incremental change that you would see as significant, and the example of incremental change you gave me is a kind of defective definition of the end of the road.

Mr. **Price.** You could hypothetically offer a certain minority number of positions within the cabinet to nonwhites, to the coloreds, and Asians. That would be a kind of fundamental change.

Those kinds of policies were tried out in Rhodesia, for example, with not the greatest success from the point of view of those interested in nonviolent and peaceful change.

Mr. **Butler.** I will go back a little bit, further back in the incremental change model than he does. I would argue that—let's take Soweto as an example—if there were a clear indication that the Soweto population was in a position to elect its own leaders and the choice of these leaders was not dictated to them from outside; second, that those leaders were put into a negotiating relationship with the central government—that would seem to me to be a step in the right path.

Mr. **Solarz.** Is that not what these councils are supposed to be about?

Mr. **Butler.** These councils have existed in the past, but they were never in a position to negotiate. They were subordinate bodies.

Mr. **Solarz.** Did they have any power of their own jurisdiction?

Mr. **Butler,** I'm not sure what that means.

Mr. **Solarz.** In other words, do they have any authority over the townships in which they were elected in terms of delivery of services?

Mr. **Butler.** Extremely little and extremely little in the way of resources. They were not vigorous functioning local government bodies.

Mr. **Solarz.** Have any changes been made in that regard?

Mr. **Butler.** The community councils are to have greater control over facilities and larger budgets. It even has been suggested they be given control of security.

Mr. **Solarz.** So far they have not been given that?

Mr. **Butler.** I'm subject to correction, but it's on the drawing board. I don't think there's any question about it.

Mr. **Solarz.** Do the blacks consider these proposed changes significant?

Mr. **Butler.** I can't answer that.

Mr. **Seiler.** Mr. Chairman, the mere fact, as mentioned several times, that Buthelezi has decided to contest the council elections suggests that some substantial number of blacks do.

Mr. **Solarz.** Are there any other prominent black leaders that have agreed to contest these elections?

Mr. **Seiler.** Nobody from the Committee of Ten.

Mr. **Butler.** Quite recently it was in the news that Motlana and Buthelezi are fencing about having a meeting, and I think the possibility of the question of contesting the elections is going to be a part of the agenda.

Mr. **Sieler.** There's an intermediate state between Professor Price's recommendation which is idealistic and the community councils. The provincial council of Natal, now governed by the New Republic Party, has several times in the past year and with some increasing vehemence requested that the central government allow a Natal-wide experiment, a power sharing between Kwazulu and the Natal provincial government.

If the central government were to accept this as given, and it seems to be desired by both black and white leaders in Natal, that would be a very encouraging sign, particularly if there were some added powers that evolved.

Mr. **Solarz.** When are these elections supposed to take place?

Mr. **Seiler.** I do not know. Somewhere before the end of this year.

Mr. **Solarz.** Are they having elections in the other townships as well?

Mr. **Seiler.** They're not done at the same time. The timing is varied.

Mr. **Solarz.** To what extent is Buthelezi considered by the blacks as a part of the mainstream of the black leadership of the country? I gather there have been some expressions of dissatisfaction. Would you say that he still has the support and identification of significant sectors of the black population, or has he been labeled as an Uncle Tom or a sellout?

Mr. **Butler.** Stooge is the word usually used in relation to him and to all the other homeland leaders. I think this is a crude distinction. He was forced to leave the Sobukwe funeral. He was not merely booed.

It was the young people from outside the town who came in and forced him to leave. He and some other people were forced to leave the funeral.

African opinion is deeply divided about him. A lot of people think he has sold out, but it seems to be clear that he wants to form an urban base. It's the urban Africans that he really wants to represent. And he has over and over again said he was not limited to people from Kwazulu, and in contesting the election he showed that he wants to get into an urban area. I assume he would not want to do this if there was not a basis of support.

Mr. **Price**. To add to that, whatever else he is—and these labels have largely been placed on him by South African exiles—whatever else he is, Buthelezi has the largest, most well-organized organization of blacks within South Africa. That's the first thing.

The second thing to note is that recently there have been contracts between Buthelezi and the ANC which suggests that the hostility, at least at the formal level, with which the ANC has treated Buthelezi may be coming to an end, and you may see some kind of change.

Mr. **Solarz**. Going over your analysis of the situation in South Africa and your prescriptions for change, is the implicit notion that in the absence of change, widespread violence could erupt in the country which would create an unfortunate situation, not only for the people of South Africa but for ourselves as well.

Given what appears to be the decision on the part of Mozambique and Zimbabwe, and presumably Namibia when it gets its independence, to deny a South African liberation movement with the same kind of sanctuaries and support which the liberation movements in those countries had in their neighboring black states, to what extent do you think that there is in fact a realistic prospect for the emergence of widespread systematic debilitating violence within South Africa? Is this really a kind of an imaginary horror that everybody always talks about, which given the realities on the ground—the power of the white security apparatus, the unwillingness of neighboring black states to help in the way that would help, is unlikely to materialize?

Mr. **Seiler**. I think it's unlikely. It is unfortunate that the South African Government is painfully neurotic about this in its basic attitudes toward the trade unions—which include the Ford Motor Co. situation. And I would guess that even in the community councils, the South African Government would clearly be suspicious of the organizing going on before elections, worrying that somehow urban blacks would be radicalized. In its probable reaction—arresting and detaining people without trial—it feeds the present, albeit perhaps unorganizeable, bitterness of urban blacks.

Mr. **Solarz**. My question is: Do you think that the development of widespread systematic violence, given the reality, is likely or unlikely in South Africa in the absence of real change?

Mr. **Butler**. There are two distinctions, a geographically widespread or a frequent series of events.

Mr. **Solarz**. Whether it takes the form of Mozambique, the Patriotic Front, the FLN in Algeria, primarily urban—I'm talking about violence that would continue systematically. People will be killed and injured, places will be blown up on more than an intermittent and sporadic basis. Do you think that's likely?

**Mr. Butler.** You raised in your first question, Congressman, the question of sanctuary. I think it highly unlikely that South Africa will be able to negotiate with its neighbors an effective denial of sanctuary in all its neighbors. At least one of those neighboring states is supposedly giving sanctuary, and although in its diplomacy it may agree that it's not going to, I think that it's going to be virtually impossible to stop some movements unless some major political accommodation is made.

Second, I would say that I do not regard urban violence as necessarily dependent on the provision of sanctuary. I doubt really whether the security machine believes this. The capacity of the South African security machine is to some extent exaggerated. Its long-term capacity to prevent violence, in the absence of major political accommodation, I would think is slim.

**Mr. Price.** One has to talk about the long and short term. I have always believed, and this is before recent events and changes in policy in Mozambique and Rhodesia, that the development within South Africa or even on its borders of an effective revolutionary movement was a long-term struggle, not something, as many people thought after Soweto, in 5 years, the South African regime would crumble. I always thought that was mistaken.

Recent policy in Mozambique and Zimbabwe suggests that in fact a development of that kind of movement is even further in the distance. In the short run I think what one can expect is a heightening of urban terrorism on the model of Northern Ireland and intermittent explosions on the order of Soweto, but not the existence of a well-organized revolutionary movement in the field. That, I think, is a long-term policy.

**Mr. Solarz.** What possibility do you see for the emergence of a political coalition within South Africa of English-speaking whites and the Afrikaners to, in effect, take power in the Government and then move rapidly toward a more generous political dispensation for the blacks?

**Mr. Seiler.** None at all. This was a part of U.S. policy in 1962, and 1963 to encourage that coalition. It never came about.

**Mr. Solarz.** What percentage of the white population is considered English-speaking?

**Mr. Seiler.** Thirty-five percent.

**Mr. Butler.** Thirty-five percent.

**Mr. Solarz.** I though it was 60 to 40.

**Mr. Butler.** It used to be.

**Mr. Seiler.** It's shifting.

**Mr. Solarz.** The Afrikaners are more prolific?

**Mr. Butler.** That's right.

**Mr. Solarz.** The English-speaking whites are more likely to emigrate?

**Mr. Butler.** Both.

**Mr. Solarz.** Two to one.

**Mr. Butler.** Yes.

**Mr. Solarz.** What percentage of the Afrikaners would you consider closer to the English-speaking whites in their political attitudes than toward the conservative core of the Afrikaner?

Mr. **Seiler.** If you look at the voting statistics, I think in the last November 1977 election, something over 90 percent of all Afrikaners voted for the National Party. Something like 30 percent of the English-speakers voted for the National Party. I think there are very few Afrikaners other than the ones whose names we know, who look to liberal liaisons with English-speaking whites.

Mr. **Solarz.** The operative definition of a verligte Afrikaner is not one who votes against the National Party.

Mr. **Seiler.** The reason why is their sense of identification with Afrikanerdom.

Mr. **Solarz.** Do either of you see any possibility of this English-speaking Afrikaner coalition being formed?

Mr. **Butler.** I don't see how the party is going to stick together. It is in serious trouble. When one sits down, I don't know what the outcome is going to be.

I think one of the changes in the last 10 years was the destruction of the monolithic solidarity. That can be exaggerated. There is a vigorous debate in the Afrikaner press right now. That was not true in the past. And a whole lot of sacred cows were brought out and gored again and again. And I think it's going to be extremely difficult for the party to continue.

As to Buthelezi, I think he's a man of considerable power, and he will play two roles of encouraging any change on the part of the Government, or he may judge that it is time to break, but that's an independent calculation on his part.

Mr. **Price.** It is quite possible, but it was not true even a year ago, that the national party could split, and the verligte ring could draw a greater number of English-speakers into a kind of coalition.

There are two things to be pointed out about that. The first, in this sense the constituency of the national party has been beyond the Afrikaner community in the last 10 years and already has a sizable constituency among the English-speakers. That doesn't involve a major shift in ideology or attitude.

Second, and relatedly, it would probably be a mistake to believe that the majority of the South African English-speaking population is interested in overturning the system as it exists. We talked in these hearings about failures of apartheid. Of course, as far as the living standards of the white population, apartheid in the South African system generally has been a huge success of the English-speakers as well.

Mr. **Solarz.** I gather that even the English-speaking whites are not in favor of majority rule on the basis of a one-man-one-vote system.

Well, I think this has been a useful hearing. I appreciate you taking all this time to share with us your perceptions and perspectives on what is obviously a very complicated and vexing problem for those of us who think about it and feel that we owe some obligation to try to contribute toward the establishment of a just, humane society in South Africa.

So I want to thank you very much for coming. Thank you for your testimony.

The hearing is adjourned.

[Whereupon, at 2:20 p.m., the hearing was adjourned.]

# U.S. POLICY TOWARD SOUTH AFRICA

## Homelands Policy and the Prospects for Political Change

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THURSDAY, MAY 8, 1980

House of Representatives,
Committee on Foreign Affairs,
Subcommittee on Africa,
*Washington, D.C.*

The subcommittee met at 10:35 a.m. in room 2200, Rayburn House Office Building, Hon. Stephen J. Solarz (chairman of the subcommittee) presiding.

Mr. Solarz. The subcommittee will come to order.

Today the Subcommittee on Africa continues its extensive set of hearings on South Africa with an examination of the homelands policy in that nation.

We will consider whether the homelands policy—whether if in its present form or if significantly altered—offers a genuine opportunity for profound and peaceful change in South Africa.

Under the homelands policy, South Africa has consigned blacks, who comprise roughly 75 percent of the population, to 10 geographic entities, organized ethnic and language grounds, which make up only 13 percent of the land area.

Three of the 10 homelands—Transkei, Bophutatswana, and most recently—Venda—have become independent, but have been denied international recognition. Another homeland, Ciskei, recently impaneled an eight-member commission, which included one of our witnesses here today, Professor Robert Rotberg, to study and make recommendations on the political and economic course the Ciskei should pursue.

At today's hearing we will analyze what types of modifications of the homelands policy might be contemplated or implemented by the South African Government; and whether the idea of separate development, as embodied in the homelands policy, can ever attract the requisite nonwhite support to emerge as a viable political option for South Africa.

We will also examine what other kinds of power-sharing arrangements, such as federalism or partition, are candidates to replace the present homelands; and to what extent the South African Government might be willing to initiate discussions with black leaders about new power-sharing arrangements.

Finally, we will look at the relationship between the recent reform effort in South Africa, as exemplified by the Wiehand and Riekert Commission reports, and suggested alterations in the homelands policy.

Testifying before us today is Professor Robert Rotberg, professor of political science and history at MIT, and a frequent and valuable witness before our subcommittee. Last year, Professor Rotberg gave us the benefit of his observations on Rhodesia, as well as on U.S. interests in Africa. He has written widely on South Africa and recently served as a member of the Ciskei Commission.

Also appearing before the subcommittee is Roger Wilkins, a distinguished journalist and author, and former member of the editorial board of the New York Times. Mr. Wilkins recently traveled to South Africa, where he met with many black and white leaders, including Chief Gatsha Buthelezi of KwaZulu, one of the homelands which has refused to accept independence.

Our final witness will be J. Andre Visser, Deputy Director of the South Africa Foundation, a private organization which seeks to foster informational exchanges about South Africa between that nation and citizens and governments elsewhere.

Since Professor Rothberg has not yet arrived, presumably he is en-route, I will ask Mr. Wilkins to begin testimony. I hope, Mr. Wilkins, that you can confine your presentation to somewhere in the vicinity of 10 minutes, and then we will ask Mr. Visser to do the same.

## STATEMENT OF ROGER WILKINS, FORMER MEMBER OF THE NEW YORK TIMES EDITORIAL BOARD

Mr. WILKINS. Thank you, Mr. Chairman. I have to make a disclaimer right at the outset. I am not an international affairs expert, nor am I an expert on Africa or Southern Africa. I have followed that country's policies with an interest, lay interest, common to many black Americans, and my information and knowledge about the country was somewhat fleshed out by a visit there in November and December 1979.

From what I heard, from every black South African to whom I spoke during my stay there—and I traveled around the country from Victoria to Johannesburg, and from East London to Cape Town, and to KwaZulu—that no black citizen of South Africa thinks that the homelands and pass laws policies, in South Africa are either viable or acceptable to them. That included Chief Buthelezi.

There were of course differences between the views expressed by a range of South Africans. It was my judgment from my conversations that the homelands policy is based on a variety of myths and semi-myths in the Republic of South Africa.

The principal myth, and I believe that it is sincerely believed by a number of South Africans who put it forward, is about the requirements of tribalism and ethnicity, and the need to erect policies to accommodate it.

There is a semi-myth about change that I will allude to in a minute, but in order to give you a sense of the power of these myths in Southern Africa, at the same time that I visited South Africa I went to Rhodesia. Many rational whites in Zimbabwe-Rhodesia were acting on the premise that the patriotic front, particularly the wing of the patriotic front led by Mr. Mugabe, was a total threat to civilization.

I was told time and time again by White Zimbabwe-Rhodesians as

pages tightly bound

late as December, that if Mr. Mugabe came to power, he would govern Zimbabwe as Pol Pot had governed Cambodia.

That myth, of course, has been put to rest, but the power of such myths has driven white South African governments and human beings into profound terror.

I was told by a Nationalist member of Parliament that the problem of South Africa is dissimilar to the problem of the United States, because there is a fundamental problem of ethnicity in that country. He said if you permitted the blacks to play out their scenario, what you would have would first be the removal of whites from power.

Then, you would have a bloodbath, he said, because of the strength of the ethnic feelings. Therefore, the homelands policy is in place in order to prevent a bloodbath, and to keep the country from regressing into a state of anarchy.

I asked a Defense Intelligence planner, a high Defense Intelligence planner, what stress he laid on the feelings of nationalism among black Africans. He replied, there is no such thing as black nationalism. There is only tribalism.

It is on the rock of those myths that all the changes that were described to me by the South African Government, while I was in South Africa, are based.

Dr. Kornhof, a Minister of Cooperation in Development, says that the Government has a new policy based on full equality under the law, full participation in the decisionmaking process, full citizenship, and full human rights. Dr. Kornhof also came to the United States a full year ago and said, in Washington, that apartheid is dead.

But when you ask Dr. Kornhof what full citizenship means, if it means that every black will have the same right to select national leaders as every white, the answer is, "No, one man, one vote, is out." Dr. Kornhof said it will never be the policy in South Africa. I asked what about full human rights?

Does that mean that every black will have the same right to live in the middle of Johannesburg or Durban, or Port Elizabeth, that every white has? "No," he said, "that is a very difficult, political issue, and we have not gone that far."

I said, what do you mean you talk about this new system of rights? He said, "I hate to use the word, homelands, so, let us not talk about homelands, let us talk about excellent regional government. No government in the world has shared more power recently than the Government of South Africa, and today the parliament in the capital of Transkei is every bit as powerful as the parliament in Capetown.

Well, Mr. Chairman, I have been to Umtata and I have been to Capetown, and I tell you that they are not alike. Transkei is called by the respected Rand Daily Mail "a joke country." Transkei is not recognized by any other government in the world. Transkei requires large infusions of cash from the Government, the Republic of South Africa, in order to pay its bills and its civil servants.

The Government of Transkei has picked up a lot of bad habits from the Government in South Africa. It bans organizations, freedom of speech is limited, and there is a great deal of fear in the country.

Now, I was persuaded by the statements of a variety of black citizens of that country, that despite the fact that there are many whites who probably do honestly believe that tribalism is the most powerful force in African politics, believe that the fundamental purpose of the homelands policy is to divide blacks and to prevent development of any strong, national, black political movement.

They feel it is designed to accentuate the differences between blacks and make it very difficult of them to assert their legitimate political and economic claims.

When I talked to black South Afrikans about the changes that the Government was proclaiming—and I believe that some of those changes are real, and that there is a desire, in fact, among the enlightened members of Government, to make some changes—they were very skeptical about any significant change occurring. They would ask: What are they going to do with these laws that shackle us? What are they going to do about citizenship? The blacks were referring, of course, to the pass laws and to the homelands policy.

As you know, the people who are deemed to come from the three "independent" homelands, have lost their South African citizenship. They are now supposed to be citizens of the homelands no matter where they live in the country; whether they live in Soweto, in the Cape flats or Port Elizabeth. Many blacks think this policy is ultimately designed to deprive all blacks of their South African citizenship.

A lot of these people did not want to be citizens of Transkei, or of Uenda or of Bophutatswana. I heard many say, "I will not even learn to pronounce the name, Bophutatswana." But if they want to travel, even if they are not people who would be denied passports for political reasons they are deprived South African passports and told to get them from the homelands. Many people have pride and reject this symbolic denial of their citizenship, so they just don't travel.

In conclusion, Mr. Chairman, I would quote Chief Buthelezi who said to me in an interview, that the Government could talk all it wanted to about the necessity for change because of the need for economic growth, but until it freed its labor force and made it possible for people to bargain and to move around the country with lack of restriction, that there was no hope for their economic program, and therefore their program must change to work. In Buthelezi's words, "They cannot have their cake and eat it too."

Thank you, Mr. Chairman.

Mr. Solarz. Thank you very much for your testimony, Mr. Wilkins. Our next witness will be Mr. Visser, who is testifying on behalf of the South African Foundation.

Mr. Visser, you have prepared written testimony for the committee. As is our custom, it will be included in the record in its entirety. It would also be helpful if you could summarize your testimony in about 10 minutes or so, so we can have the maximum amount of time for questions and answers.

## STATEMENT OF J. ANDRE VISSER, DEPUTY DIRECTOR OF THE SOUTH AFRICA FOUNDATION

Mr. Visser. Mr. Chairman, I appear at the invitation of this committee conveyed to me by Mr. Carson and confirmed in a letter from Chairman Solarz.

Before proceeding with my testimony, I should like to avail myself of this opportunity to explain that the South Africa Foundation, of which I am the Deputy Director in Washington, D.C., is a private, nongovernmental and multiracial organization supported entirely by private and corporate subscriptions. By way of elaboration on this fact, it may be worthwhile mentioning that the foundation is so determined to be independent and to be seen to be independent that, although it is a nonprofit organization, it has steadfastly refused to request the Government to make donations to it tax deductible.

The foundation is supported by and represents a complete cross-section of all races and all shades of opinion in South Africa, ranging from staunch supporters of the Government to bitter critics of the Government. Its governing body, the board of trustees, consists of some 350 prominent men and women from all walks of life, including religious leaders like the Roman Catholic archbishop of Cape Town and the chief rabbi of Johannesburg, heads of universities like Prof. W. M. Kgware, who is black, black trade union leaders like Mrs. Lucy Myubelo, et cetera.

We see ourselves as having a twofold purpose: To give facts about South Africa to the world as truthfully and objectively as we can, and to bring home to South Africans the realities of South Africa's international position. We see ourselves increasingly not merely as a research, fact collecting and distributing body but as a catalyst for change.

Because of the disparate opinions of its membership, the foundation has always avoided any participation in party politics but has stated openly on numerous occasions that change is imperative and that, in the words of former president of the foundation, Dr. Jan Marais, "The color of a skin cannot and should not be a reason for discrimination, nor should the many other hypocritical camouflages. Only merit and fair civilized standards should be the basic criteria in human relations."

The foundation is, however, not limiting its calls for change to public statements only but is seeking, through posing challenging questions to South Africans, through bringing opinion leaders to South Africa, through dialog with South Africans of all colors and opinions, as well as through its publications to actively spread an awareness at all levels of South African society that retention of the status quo is unacceptable and morally indefensible.

In your letter inviting me to testify, you ask that I address myself first to the questions of whether the homelands policy, in its present form or as significantly reconstituted, can provide a realistic basis for political change in South Africa and second what plans have been or may be considered for redefining political and economic power among the various groups in South Africa as well as how these plans might be received in the white and nonwhite communities.

For any discussion on the homelands policy, it is important to bear in mind not only its historic origins but also its evolvement since the formation in 1910 of the Union of South Africa and in 1961 of the Republic of South Africa.

South Africa has a history of territorial separatism based to a very large extent on the very diverse nature of its population. Unlike countries in Europe which have largely homogenous populations or the

United States where the "melting pot" policy has to a considerable extent succeeded over the past 200 years or more in giving immigrants from all over the world a common American identity, the peoples of South Africa have always been separated, not only by language and cultural differences but also by the different areas which they have historically occupied.

In this regard it is worth noting that the black peoples of South Africa comprise nine distinctive ethnic groups of which each has its own language, legal system, lifestyle and socio political organization, as well as possessing its own traditional territory—a situation in many ways similar to that of your own native population, the American Indian.

At the formation of the Union of South Africa in 1910 out of then British South Africa, the principle of territorial separatism was recognized when Basutoland, Bechuanaland and Swaziland were specifically excluded from the Union, even though they formed an economic and geographical whole with the new union.

As for those black territories which remained within the Union, the Bantu Land Act of 1913 defined and scheduled some 22 million acres of land in the four provinces of the Union as permanent and inalienable black territories. In this way the black territories were insured against occupation by the economically stronger whites.

Legal recognition was therefore given to those areas which had historically been occupied by the various black population groups. Then in 1936, through the Bantu Trust and Land Act, another 15.5 million acres were added to the black territories.

It is these 37.5 million acres which form the basis of the South African Government's "Homelands Policy."

This policy is based on the conviction that it is not possible to accommodate harmoniously within the limits of a unitary state the legitimate national and political aspirations of people as ethnically divergent as the peoples of South Africa.

In support of this contention, Government spokesmen certainly do not lack any examples, for instance the language and cultural problems in Canada and Belgium, the religious problems in Northern Ireland and Lebanon, et cetera. From this, according to Government thinking, it follows that since one race must always dominate and the others be dominated, the black peoples within South Africa should be granted the opportunity to advance toward autonomy and, should they so wish, to secede from South Africa and exercise their political rights and national independence within the geopolitical jurisdiction of their own ethnic homelands.

In 1959 the South African Parliament adopted the "Promotion of Bantu Self-Government Act" which created the legal machinery by which the various black nations could lawfully attain self-government by giving recognition to the respective black national units and by providing for gradual constitutional progress beyond the territorial authority level. This act was supplemented in 1971 by the "Bantu Homelands Constitution Act" to accelerate the constitutional development of the black homelands.

Since then three homelands, the Transkei, Bophutatswana and Venda, have opted for independence, the latter two fully aware of the fact that, like the Transkei, their chances of being internationally recognized would be minimal. The fact that these three homelands chose independence and, in the case of Bophutatswana, even before it was clear that it would be satisfactorily consolidated, suggests that despite the misgivings these homeland authorities may have had about going the independence route, they saw real advantages for their people.

Whatever the shortcomings of their independence, it must be clear to any objective observer that independence has provided all three countries with new and potential leverage and offers them a range of options which until now have only been available to South African blacks in theory.

Unviable though they may be, and many independent nations would similarly fail to meet all or most of the viability requirements prescribed for them, they are now able to negotiate outstanding demands with the South African Government as equals and are in a position to exercise full political power without having to account for it to anyone except to their own respective voters.

Even those remaining homelands which have not yet chosen independence have derived considerable benefit from the homelands policy. The homelands are providing them with a new institutional base and a legitimate platform from which to criticize and even embarrass the South African Government.

I mention the above not because we in the foundation are blind to the quite considerable problems that will still have to be overcome before the homelands policy will be freely accepted by a majority of all concerned in South Africa as an equitable solution to their political aspirations, but because I see so little reflection even among informed observers of the positive aspects of the homelands policy as an evolutionary vehicle for change.

Undue emphasis is placed on the negative aspects of the policy without considering the historical background and continuing evolvement of the policy as it is adapted to the political realities of South Africa.

Rather than demand an immediate and final solution to the homelands policy and by extension to all the problems of South Africa, it would be more realistic to look for a series of progressive settlements toward the ultimate aim of creating a system that will guarantee the greatest amount of self-determination and freedom to all the peoples of South Africa.

That the homelands policy—or at least certain aspects of it—is seen to offer such a potential has been accepted even by liberal-minded South Africans who have been in the forefront of the battle for meaningful change. Thus Alan Paton, the well-known author of "Cry the Beloved Country" and a noted critic of the Government's racial policies has come to believe that "the goal of the common society must now be striven for in the framework of separate development."

In fact, it would be true to say that every political party, as well as a good many people outside the present political structure, accept the desirability of some form of decentralization or devolution in South Africa.

Numerous proposals have been made by academics, economists, and politicians on the future of the homelands in an effort to bring this policy more into line with the political and economic realities of South Africa. While this has been an ongoing process for many years, the riots which occurred in 1976 certainly gave this debate on South Africa's future tremendous impetus by bringing home to South Africans the urgency of the need to develop a new and more equitable political dispensation.

In early 1978 the University of Natal was host to a conference which considered the pressing problems of constitutional change and alternative constitutional models for South Africa. Some 160 delegates from a wide spectrum of South Africa's social groups, political parties, administrative levels, business interests, and homeland governments assembled to exchange views on all aspects of constitutions with specialist academics from all South African universities.

The conference did not at the end of its deliberations come forward with specific proposals. That was not its purpose. But it provided an historic occasion for people directly concerned with the future of South Africa to engage in frank and open dialog about the advantages and disadvantages of the various possible constitutions or forms of government as applied to the South African situation.

More recently, a major Afrikaans newspaper with close ties to the Government, Die Transvaler, organized a debate on the constitutional future of South Africa and invited several prominent academics to participate. During this debate, Prof. Roelf Botha, a prominent academic involved in Government politics as well as being a member of the Prime Minister's Planning Advisory Council, who also a couple of years ago had published a rather controversial book on what a future South Africa might look like, "South Africa: Plan for the Future—a Basis for Dialogue," advanced far-reaching proposals for an "Azanian Commonwealth" as part of a projected political solution for southern Africa.

Essentially his plan would be one of graduated change within the structure of the homelands policy. The intention would be to eliminate racial discrimination and to encourage cooperation of the different racial communities through "liaison structures." The plan has three major components: regions and provinces (including the nonindependent homelands) brought together within a "federal-confederal" structure under the central authority of the Republic of South Africa; the Republic of South Africa and the independent homelands—Bophutatswana, Venda and Transkei—brought together under the umbrella structure of a "Confederation of South Africa"; and the "Confederation of South Africa" brought together with other independent states in southern Africa in a "Commonwealth of Azania."

Again I should point out that I have mentioned the above plan not because we in the Foundation support it but because so little of the very lively debate that is going on in South Africa about the country's constitutional future is reflected in the U.S. media.

Furthermore, this debate is not limited to academics and other concerned people, but even the Government has shown unmistakable signs that it, too, is seriously rethinking its plans for the constitutional future of the country.

The advent to power in 1978 of Prime Minister P. W. Botha can without doubt be taken as the beginning of a new era in South African politics. Perceptive observers of the South African political scene have likened this as a "takeover" by the military from the police.

Under Prime Minister Botha's predecessor, the belief of the police bureaucracy that South Africa's peaceful future could be insured through coercive measures, bannings, detentions, and so on was predominant. This has all changed.

The present Prime Minister through his long tenure as Minister of Defense has come to accept the military's premise that, in the long run, black loyalties will never be won by treating them as a potential subversive threat, hence new strategies would have to be evolved.

The first 18 months of Prime Minister Botha's premiership have been characterized by a flurry of changes. Undaunted by the reaction of the right wing of his party he openly questioned several aspects of National Party policies, committed himself to the dismantling of discriminatory measures and spelled out to the white electorate that they will have to "adapt or die."

Perhaps most important, but least tangible, was the Prime Minister's commitment to engage in genuine consultation with blacks. Apart from his visits to the homelands, he is the first Prime Minister ever to have visited Soweto, South Africa's largest black city.

In labor relations the Government has accepted the majority of the recommendations of the first interim report of the multiracial Wiehahn Commission. This brought about, amongst others, the extension of full trade union rights to all black South African workers, a most significant development. Also in the labor field, the Government has accepted, at least in principle, the majority of the Riekert Commission's recommendations regarding labor, influx control and trading rights.

Equally significant was the acceptance of the permanence of urban blacks, something that would have been unthinkable only a couple of years ago. Apart from establishing the 99-year leasehold principle, the powers of local self-government have also been enhanced.

While we in South Africa wish that all observers of the South African scene should share and appreciate with us the full significance of these developments and the political courage it has taken to initiate them, we are under no illusion of how much more remains to be done. However, to dismiss the changes that have taken place as merely cosmetic is simply dishonest, especially when black leaders who have been in the forefront of pressing the Government for change acknowledge that what has taken place in South Africa during the past 18 months is closer to a "heart transplant."

In addition to the above, black and white South Africans are anxiously awaiting the findings of two commissions of inquiry which will have significant implications for race and intergroup relations. These two commissions are the Schlebusch Commission, which is investigating means of formulating a new political constitution for South Africa, and the Van der Walt Commission, which is investigating the consolidation of both the independent and nonindependent homelands.

It would be premature for me to speculate on the recommendations of these two commissions and it is a pity, Mr. Chairman, that your committee has decided to hold these hearings on the eve of their submission to the South African Government.

I have no doubt that the recommendations of these two commissions, even if they are not all accepted by the Government, will not only provide very valuable indications of the direction in which the whole constitutional development of South Africa will evolve, but will also necessitate a complete reevaluation of the South African situation by especially those critics of South Africa who have the moral courage to recognize change and progress.

In this regard, it is worth mentioning that the Van der Walt Commission is sure to make recommendations, not only on a greater consolidation of the homelands but also on a more equitable distribution of land. The Prime Minister himself has hinted at this when, in a reversal of past Government policy, he stated that his Government will reexamine the 1936 Bantu Trust and Land Act which finalized the acreage to be settled on the black peoples of South Africa.

At this stage it may also be appropriate to note that among those intellectuals intimately involved with the homelands policy and constitutional development of South Africa, there is broad agreement on the fact that the majority of the remaining homelands will not become independent and that we might witness a remarkable development within the next few years along the lines indicated in the first two points of Professor Botha's proposals for an "Azanian Commonwealth."

Another point that needs to be emphasized is that these very same intellectuals and, indeed, most politically informed South Africans, do not in any way regard the homelands policy as an end in itself but rather as a means toward the end of creating a system of full participation for all in the political processes of South Africa.

When the British Prime Minister addressed the National Press Club in Washington on February 1, 1973, he pointed out that the planned European Union would not be the type of union created by the establishment of the United States. He said:

> We are dealing with an entirely different situation. We are dealing with ancient European nations, each with its own traditions and background, each determined to retain its identity.
>
> Our intention is not to destroy that identity but to build on it a new European dimension which will enable us to secure, by common action, benefits which would be beyond our reach as separate nations. That is what we mean by a European Community.

These words might as well have been said about South Africa today.

Mr. SOLARZ. We have a vote underway now on the floor of the House, and I think we will temporarily recess the hearings for about 10 minutes so I can vote and then I will return, and you can complete your testimony at that time.

[A recess was taken.]

Mr. SOLARZ. The hearing will resume.

Mr. Visser, would you like to conclude your testimony?

Mr. VISSER. Thank you.

We are fully aware of the difficult task that lies ahead on the road to insure the greatest amount of justice and freedom for all in South Africa. Along the way, because we are human, mistakes, some very serious, will undoubtedly be made. But let no one doubt our commitment to the ideal of peace and harmony for all the inhabitants of South Africa.

White South Africans are not immoral or devoid of feeling for the sufferings and hardships of their fellow black inhabitants. The Afrikaners, in particular, have a long record of fighting for their independence and the right to determine their own destiny. That they have only recently turned their attention to their fellow and less fortunate black compatriots is because up until only very recently, they were totally preoccupied with consolidating their own position in their country of birth.

They have now achieved this and are currently extending their hand to their fellow black South Africans so that they too may find their place in the sun, because the memories of their own struggle are too fresh for them to have forgotten what it was like to be dominated.

Since the purpose of these hearings is clearly to determine relations between our two countries, the question arises as to what should be the policy of the United States in relation to South Africa. It is perhaps inappropriate for a non-American to answer that question, but I do know what I think would be most courageous, the most helpful and, morally, the most defensible position.

If the United States were to decide that it is not its duty or in its interest to go around the world prescribing to other countries their form of government, the subject does, of course, not arise. But if the United States is to articulate and define universal principles by which it is to govern its foreign policy, they would have to be university applied. It is no good talking of punitive measures against South Africa for not adhering to those principles and then only gently deploring breaches by other countries, especially in the Communist world and black Africa. The fact that there are black voters in the United States or Communist and black votes in the United Nations certainly does not legitimate that abrogation of principle. Selective morality is no morality.

Mr. Solarz. For your own information, I want you to know that in my district—I say this as someone who has taken somewhat of an interest in South Africa—that approximately 5 percent, if that, of the population of my district is black. My interest in the subject has absolutely nothing whatsoever to do with the racial composition of the constituency that I represent.

Mr. Visser. I was suggesting that the United States, not this specific committee——

Mr. Solarz. I make the point simply because I think that it provides an illustration of the fact that there are people in the U.S. Government who are concerned about South Africa for reasons that have nothing whatsoever to do with the presence of black voters and their constituency. You do not have to be black to be concerned with South Africa. You do not have to be interested in securing black votes in order to feel that we should be taking a more positive position in South Africa.

That does not speak to the merit or wisdom of that point of view, but it simply speaks to the motivations involved. I think that you, sir, do a fundamental injustice to the country, and to the people who compose this Government to suggest or to imply that the only, or even the primary, reason that they may be concerned about South Africa is because of their interest in securing political advantage.

The fact is that there are many people who take positions on South Africa, with which you probably would be profoundly in disagreement. They take those positions not because it secures them a political advantage, but despite the fact that it might be a political handicap.

Please proceed.

Mr. Visser. As far as South Africa is concerned, I sincerely believe that the United States should recognize and encourage the efforts that are being made to work toward equality for all, regardless of color, and as far as it is possible to do it bearing in mind that South Africa is a sovereign independent country, and to assist in the process. Constant condemnation will only serve the interest of those who are bent on revolutionary change in South Africa, with scant regard for the cost in human lives. The destinies of all South Africans are inextricably tied up together, and that which happens to one group will also happen to the others.

We in the foundation believe that the most productive and rewarding action this committee could take would be to recommend a policy of expanded contacts in all fields with regard to South Africa in an effort to widen the horizons of South Africans of all colors. Nothing could be better calculated to assist the process of change. Furthermore, advice is always accepted far more readily from friends than from those who are perceived as a threat.

As George Ball wrote, in 1969, in "The Discipline of Power":

> In dealing with the Communist nations, liberal opinion in the United States has adopted as its working hypothesis that social and political change can be best promoted by opening the windows and assuring maximum intercourse with the outside world. Since that seems to me a sound policy which I support * * * I fail to understand the logic of some of my liberal friends who, while passionately promoting such a policy in our dealings with the Iron Curtain countries, insist that we pursue a diametrically opposite course with respect to South Africa.
>
> How can they show that the problem in the two countries is all that different? Both South Africa and the Soviet Union remain relatively untouched by the ideas of the West, in considerable part because of their isolation, and if those ideas are to be effective instruments for change, we must break down the barriers that shut the people of those nations from the rest of the world.

Thank you, Mr. Chairman.

Mr. Solarz. Thank you for your testimony, Mr. Visser.

Our final witness will be Prof. Robert Rotberg of MIT.

Professor, you submitted a lengthy, and I am told by the staff, a comprehensive statement on the subject. You know that will be included in the record. I hope that you will feel free to summarize your views in approximately 10 minutes or so. Please proceed.

## STATEMENT OF ROBERT I. ROTBERG, PROFESSOR OF POLITICAL SCIENCE AND HISTORY (MASSACHUSETTS INSTITUTE OF TECHNOLOGY)

Mr. Rotberg. Thank you, Mr. Chairman. I will attempt to be extremely brief, really making two or three central points, because you do have the written testimony, and I have always enjoyed the questioning by this committee, which is a great pleasure for someone who is a witness.

Let me begin, Mr. Chairman, by saying the obvious, that South Africa is a tense society. The fact that it is tense makes it fairly easy to conclude that the status quo can provide no logical alternatives for South Africa, and South Africans in general do not believe that the status quo any longer provides comfort.

Therefore it makes a great deal of sense to examine the ways in which South Africa might evolve and to discuss, as I have been asked to do today, some of the questions of that evolution. I do so with great optimism because it is not clear that an evolutionary solution is likely. It is not clear that the lessons of Zimbabwe, particularly the flexing of black muscle that enabled the Government of Zimbabwe to perceive its own self-interest with greater and greater clarity, will be heeded in time; although the speech of the Prime Minister of South Africa a few days ago gives one a glimmer that there may be some heeding of some of these questions.

I want to speak very briefly about the two official evolutionary varieties that have been cultivated for some time. First, the Government of South Africa has spent much of the last twenty years creating self-governing and so-called independent homelands out of the old reserves of South Africa.

These ministates are largely impoverished and overcrowded, and for the most part without resources of any consequence. The plan was to empty white dominated South Africa of Africans with claims to citizenship. The persons in the homelands could therefore be treated as foreigners, and those nominally belonging to the homelands could be treated as foreign guest workers when they were in the urban area.

Someday, the original thought was—proposed by white cabinet ministers—that the homelands could be linked federally with the white giant State, and a joint Federal Government would provide a framework for the political participation of all citizens of the original South Africa.

But, by mid-1979, if not earlier, the scheme was beginning to seem unreal, even to members of the National Party. The homelands and separate development generally had confused a few and seemed to provide no sure way of escaping foreign criticism or of gaining the cooperation of blacks in South Africa.

The position of blacks in urban areas was becoming more entrenched. That is why the Government acknowledged that whites would always be outnumbered in the cities, and particularly in the cities by about 4 to 1, according to official estimates, by the year 2000.

Whites, in their own self-interest, a year ago, I think, began to cope with this fact as a reality that could not be wished away.

In my view, the homelands policy has come to be regarded, even in official circles, although not publicly, as a dead end. Nevertheless, there will be no early dismantling of the structure of separate development, nor a disappearance of the homelands, because as much as official South Africa has begun to realize that the existence of the homelands leads nowhere in terms of the design of the Government, and even though it is now generally realized at last that the march of the homelands toward local independence will not and cannot provide an answer either to the social and political dilemmas of South Africa, nor to the Republics external problems, a new policy has not yet been devised, and there is a significant problem of what to do with a policy that is no longer viable.

The homelands that have become independent in local terms have gone unrecognized and have largely been ignored by the international community. Most of the remaining seven dependent homelands intend to resist independence, but even if the impoverished, overcrowded pseudostates had a future as quasi- or semi-autonomous bodies, they have yet to attract Africans away from urban areas—which was the main design. The modern sector of the South African economy, based in the cities, can hardly do without their labor.

I was struck also by the resignation statement of Dr. Zach de Beer, a Progressive Federal Party member of Parliament, a few weeks ago in Cape Town. He pointed out that South Africa could not call itself a capitalist society when it controlled a major part of the labor rights of its people. This was the resignation statement of a very significant corporate businesman.

Let me conclude, Mr. Chairman, by saying that in my view how to concede meaningful portions of power without submerging themselves is the white problem; how to secure that meaningful share without enduring a bloodbath is the black problem. The homelands do not enter into a solution.

It is evident to me that the homelands and separate development never presented a viable option, and therefore I must conclude that there are no simple paradigms for change in South Africa. The only viable option is to build upon meaningful decisions between black and white leaders. Those discussions, sooner or later, can only be about power, and about how to share power realistically over time.

Thank you, Mr. Chairman.

[Mr. Rotberg's prepared statement follows:]

## PREPARED STATEMENT OF ROBERT I. ROTBERG, PROFESSOR OF POLITICAL SCIENCE AND HISTORY, MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Thank you, Mr. Chairman:

South Africa is a tense society. But no matter how tense, it is as impossible to predict the precise contours of social upheaval as it is--on current evidence--to prophesize the kind of revolutionary cataclysm that is discussed confidently in so many non-South African circles. It is far easier to suggest that the status quo provides no logical alternative. Therefore, it makes sense to examine the ways in which South Africa might evolve. This I do with no sense of optimism, for the chances of successful evolution are no more likely, given what we know of today's South Africa, than of an evolutionary exercise which will be miscalculated, dangerously flawed, and violence-prone.

The evolutionary possibilities are several, and are apt to consist of a series of loosely linked responses together intended to advance an overall, if elusive, solution. They will certainly result less from altruism and sensitivity than from pressure, threats, strikes, uprisings, and combinations of violence that may approach that which is revolutionary without ever quite causing upheaval. Thus, to presume an evolutionary rather than a revolutionary solution to the problems of South Africa is not necessarily to foresee an absence of violence. Diminutions of white hegemony in Africa and in southern Africa, especially in Zimbabwe and Namibia, have distinctly depended upon demonstrations of black power. The flexing of black muscle has enabled white governments to perceive their own self-interest with greater and greater clarity. The gradual transformation of the Smith government into the Muzorewa, and now the Mugabe, government is a dramatic case in point, with an escalating guerrilla war the obvious primary motivating force.

For South Africa, evolution could be announced, arranged, and planned for by the ruling oligarchy. It has that power. By boldly charting a future, it could ensure the triumph of an evolutionary solution. But to do so the South African government would have to begin behaving in ways that would be new, and which would mean the massive modification, if not the total abandonment, of the ideological superstructure of apartheid. In some form or other doing so would necessitate granting blacks the right of political participation and representation--rights that separately and together are anathema to Afrikaners. The sharing of them thoroughly threatens the perpetuation of Afrikaner hegemony. Yet the perpetuation of an Afrikaner stake in an altered South Africa may, in fact, someday mean making just those kinds of concessions. By then they may even seem less heinous and less worrying than other, more bitter, alternatives. The fear is always that by the time Afrikaners are prepared to concede Africans a stake in the country, and a share in its government, Africans may be dissatisfied with so little.

There are an array of potential compromises that could fulfill the requirements of an evolutionary mandate. The use of various kinds of franchise, the qualifications and thresholds of which diminish over (perhaps lengthy) time, would permit political power to be shared slowly, but definitely. The political potential of a black majority could also be realized gradually by the employment of one or another kind of vote weighting, possibly combined with proportional representation

The slogan "one man, one vote" does not always imply "one man, one vote, one value." The latter is the pattern for the West but need not initially be the model for a South Africa undergoing transformation.

These ways of at first diminishing African or enhancing white voting strength could also be linked to methods of rearranging the geographical and therefore the political bases of South African society. Federal forms are often suggested. The present collection of provinces and homelands could be rescrambled (on some kind of Nigerian model?) and larger and smaller states, some with black, some with white majorities, could be linked under loose or strong federal bonds to a racially mixed central tier of government. The reception given to such a scheme would depend upon whether future access to the resources of the whole federation were assured equally for all--whether the mineral wealth and the arable lands of the federation were apportioned roughly along lines judged to be fair. It would also depend upon the manner in which responsibility was proposed to be shared between the central and state governments--whether, in a word, there was a real reallocation of power from the prefederal status quo.

Federal schemes of as yet unspecified kinds have a great appeal to South Africans who want desperately to avoid bloodshed and to find some means of reconciling the opposing sides and posing the least obvious threat to those who are dominant today, and who would be compelled to give up their power. But spokesmen for the disadvantaged increasingly disdain compromises that preserve too much white power and forever prevent Africans from deciding the destiny of the larger

South Africa. That is why Africans emphasize the need for any compromises to be negotiated by blacks and whites meeting together in what is often called a national convention. If an evolutionary solution is imposed, they say, it will be rejected. So will anything that expands from the base of separate development--from the existing homeland model--and from what is seen (rightly or wrongly) to be a sly, conceivably cooptive, continuation of past practices.

Africans seek a break with the past that is radical without, necessarily, being harsh for whites. They are aware of the need for compromise and conciliation. They prefer an integrated, unified South Africa, but will in the short term doubtless settle for less if it is advanced sincerely and is reasonable and just. But what might prove reasonable in the short term could--that is the fear--seem less and less reasonable in the medium and flatly unacceptable in the long term.

The federal solution shades in some circles into and encapsulates consociationalism. Based on Dutch and other political models, consociationalism could operate within a federal system, and within the subordinate states, or in a unified state divided internally into communities. In a consociational state the communities would decide communal questions, but would share with a central government power over defense, foreign affairs, and so on. Consociationalism alone, or consociationalism and federalism together, provide a framework within which the nature of the prevailing debate in South Africa might be altered and, conceivably--given good will and sincerity, and a bold government--a solution negotiated. Neither consociationalism nor federalism can be ordained or imposed by fiat. They will represent organic growth, and arise out of initiatives that result in negotiation, or they will not arise at all.

The end product of a compromise that comes too late, and that results from unacceptable demands on both sides coupled with unacceptable levels of violence, may prove to be some kind of partition. A federation gone sour is partition. Alternatively, partition imposed or freely agreed to is, at an early stage, an innovative method of avoiding irreconcilable demands and escalating hostilities. But South Africa is no Cyprus. Its resources are not evenly distributed. The population ratios are too unequal. To divide the wealth of the country in roughly fair portions would try Solomon and result in scattered white and black pockets, which would make as much nonsense of partition as fragmented homelands make of separate development. Or it would necessitate vast population transfers. According to the simplest solution, whites would abandon the gold and other mineral deposits and retreat to the western Cape, taking up a life of agrarian and commercial self-sufficiency. But would the largest part of a bi-, tri-, or quadri-furcated South Africa be content to lose control of Cape Town? Would whites really abandon their interior cities, their mines, and their farms? The realities of partition would please no one, since a unified or federated South Africa provides so many more advantages for all. A systematic review of the question of partition rejects it as a realistic alternative unless and until a division of the country becomes the only way of putting an end to a civil war.

These possibilities do not exhaust the intermediate or final forms of one or more evolutionary initiatives. There are many others, not the least of which is the simplest to explain: the government of South Africa could, however gradually or grudgingly, return the municipal, provincial, and ultimately the national franchise in the Cape to Coloureds and Africans; it could then extend the franchise (initially in the dilute forms already discussed) throughout the country. The Progressive Federal party wrote a minority vote into its 1978 platform; something similar could be incorporated into a negotiated agreement between minorities and the majority.

There are two "official" evolutionary varieties now being cultivated. First, the government of South Africa spent much of the 1960s and 1970s creating self-governing and so-called independent homelands out of the old reserves. These ministates were rural, largely impoverished and overcrowded, and for the most part without significant resources. The plan was to empty white-dominated South Africa of Africans with claims to citizenship. They could all be treated as foreign guest workers in the "white" areas or confined to their mostly distant, barely urbanized, designated homelands. Someday, white cabinet members proposed, the homelands would be linked federally with the white giant state, and a joint central government would provide a framework for the political participation of all the citizens of the original South Africa. But by mid-1979, this scheme was beginning to seem unreal even to members of the National party. It, and separate development, had confused few, and provided no sure way of escaping criticism or gaining the cooperation of blacks. The position of blacks in the urban areas was becoming more secure. It was widely acknowledged that whites would always be outnumbered, even in the cities (by four to one in the year 2000); whites had in their own self-interest begun to cope with this fact as a reality that could not be wished away.

Second, in 1978 the government proposed and in 1979 started to modify its attempt to associate Coloureds and Asians, but not Africans, with whites in a new form of central government--a kind of narrow consociationalism. But whites were allotted predominant power, and Coloureds and Asians were given--according to the first plan--only limited powers of self-government and little opportunity to influence the central or top tier of government, which would clearly remain in white hands. If African political participation could be ensured by this means, or something similar, and if the substance of power were shared (either federally, cantonally, or through consociation), then, and only then, would such a new framework offer any method of changing the South African equation. Even so, Africans might well continue to insist that only a freely negotiated rearrangement would have a chance of attracting their support.

To describe one or more evolutionary alternatives is neither to advocate nor to anticipate that any, their clones or their cousins, will in fact provide a solution. For it is not yet evident empirically that the ruling oligarchy is sufficiently desperate or frightened to perceive that survival and self-interest ordain a selection of and then a movement toward specific evolutionary goals. Until confidence in the efficacy of mere manipulations of contemporary modalities erodes or is eroded, it is difficult to predict the precise ways in which South Africa will evolve politically. In the late 1970s the National party believed that tinkering with what was called separate development and the cooptation of rural and some urban elites would disperse unrest and quiet critics. But the Soweto riots and the loss of the oligarchy's moral leadership as a consequence of the Muldergate scandal (especially the forced resignation of President B. Johannes Vorster) compelled a reevaluation by the thinkers of Afrikanerdom of the best ways in which to maximize their own self-interest as whites.

Although there will be no early dismantling of the structure of separate development, nor a disappearance of the homelands, official South Africa has begun to realize that the existence of homelands, and the march of homelands toward local independence, will not and cannot provide an answer either to the social and political dilemmas of South Africa or to the Republic's image externally. Even Prime Minister P.W. Botha seems aware that separate development is outdated. The homelands that have become "independent"--Transkei, Bophuthatswana, and Venda--have gone unrecognized, and have been largely ignored, by the international community. Most of the remaining seven homelands intend to resist "independence." But even if the impoverished, overcrowded pseudostates had a future as quasi- or semiautonomous bodies (all now derive at least 80 percent of their budgets from the South African Parliament), they have failed to attract Africans away from the urban areas. The modern sector of the South African economy, based in the cities, can hardly do without their labor.

The homelands were originally created out of the reserves of the early twentieth century in order to base African political institutions only on ethnic division and thus to end, forever, the notion that Africans would find their political future within an integrated, single nation. In 1951 the South African parliament passed the Bantu Authorities Act and abolished the territory-wide Natives Representative Council. The Act established a hierarchy of Bantu authorities, tribal, regional, and territorial, with limited legislative, executive, and judicial powers, each guided and ultimately controlled by whites. Members of tribal authorities were to be appointed by local chiefs (all of whom were already salaried government officials) and the local Bantu commissioners (who retained the power of veto). Regional authorities covered two or more tribal authorities and consisted of the members of those subordinate authorities. They could run schools, build and maintain public works and hospitals, improve farming, agricultural, and silvicultural methods, make bylaws, levy taxes, and impose fines. Territorial authorities, defined in more detail by the Promotion of Bantu Self-Government Act of 1959, supervised the regional authorities, taking over their powers and their methods of obtaining revenue, but always to the extent permitted by and with the explicit approval of the governor-general (later, the state president), as advised by the cabinet of the Republic. The authorities were to meet annually.

The Bantu Authorities Act had little immediate impact on local African governance. Chiefs were suspicious, and educated, politicized Africans were unequivocally hostile to it. For them this was retrogressive, patronizing legislation. At first few chiefs and traditional councillors could be persuaded to take advantage of the rearrangements envisaged by the bill. In 1953 the first three tribal authorities were established in the Transvaal, and a few other groups agreed, whether from self-interest or under pressure, in Cape Province and Natal. Not until 1955, however, when the Transkeian Bunga voted to accept the scheme in principle, did the government succeed in obtaining any significant African support. By that time the Tomlinson Commission had issued its massive report with a call for an acceleration of separate development; representatives of the Bunga may have decided that the proposed new authorities could give Africans the kind of power and arena of control capable of being enlarged over the years. Certainly they had no desire to give up their persistent agitation for a return to the common roll and direct representation in Parliament, but they may have been persuaded that the Bunga had outlived its usefulness.

In 1957 the Transkeian Territorial Authority, composed of chiefs and nominated and elected councillors, replaced the Bunga and became the first day-to-day African government within the Republic. It ran a number of business enterprises and plantations, carried out road and bridge construction, and tried to persuade central government departments and officials to alleviate hardships. Its deliberations were taken seriously; they were not "merely a charade." Even so, its responsibilities and powers were ill-defined and limited and no other African groups followed the lead of the Transkei. If anything, African antagonism to separate development was becoming stronger and more outspoken. There was a successful bus boycott on the Rand in 1957, demonstrations against the treason trial in 1958, riots against the issuance of passes to women, disturbances in the northern Transvaal and the Transkei, and a widespread atmosphere of political ferment that infected at least some of the reserves as much as the cities.

The accession of Dr. Hendrik Verwoerd, previously minister of native affairs, to the prime minister's office in 1958 hastened the translation of ideology into enactment. Given the unrest and anxiety within South Africa, the intensifying hostility of the international arena, the unresolved legacy of the Tomlinson Report, and his own ideological background, it is understandable that Verwoerd should have tried to satisfy a number of political needs with new and comprehensive legislation affecting Africans. Only by giving separatism an expandable framework could Verwoerd and other Afrikaner nationalists have claimed later that South Africa was composed of many nations, white, brown, and black, and that the government was actively promoting the development of all people toward "separate freedom." By dividing Africans into cultural groups, they could assert that the white nation was larger than any one of the "Bantu" nations and should no longer be thought of as a ruling minority. (Today, both Xhosa and Zulu outnumber whites.) The logic of separate development also demanded the elaboration of new institutions of self-government, especially if that elaboration were accompanied by the exclusion of Africans from limited political participation by the repeal of part of the Representation of Natives Act of 1936 and by the exclusion of Africans from open universities.

The Promotion of Bantu Self-Government Act of 1959, however vague and capable of several interpretations, was an elaboration of the Bantu Authorities Act and became the legal cornerstone of subsequent homeland developments. The preamble asserted that Africans formed diverse national units distinguishable by language and culture and could not be considered in any sense homogeneous; that provision should be made for the gradual extension of self-government to the national units; that the units should control land; and that the units should possess a number of executive and legislative prerogatives. The act accordingly designated eight national units on linguistic and cultural rather than territorial grounds. But the act did not define self-government, indicate timetables, enlarge the elective fraction of the envisaged unitary governments, or diminish the central government's continued powers to rule by decree. Respecting certain matters the national executive would henceforth be required to consult the homeland authorities, but only the most far-seeing or totally cynical homeland leader could have derived much comfort from the act, the bitter debate over it in Parliament, and the package of removals and exclusions with which it was associated. Subsequently, however, the act was to be used for the political advancement of Africans at a time when other avenues were closed.

At the time of the passage of the act only the Transkei had a functioning territorial authority. Its subordinate status within the Republic was evident, as was its inability adequately to represent the interests of Xhosa living outside the Transkei. But the force of events within and without the Transkei, and an awareness on the part of some Transkeian leaders of alternative modes of gaining advantages for Africans, precipitated structural changes more rapidly than might have been anticipated or desired by the central government. The Sharpeville massacre in early 1960 compelled white South Africans to become acutely aware of the strength of international antagonism to apartheid. Verwoerd publicly acknowledged its strength and, in 1961 in order to forestall an almost certain expulsion, retreated further into isolation by removing South Africa from the Commonwealth. South Africa was in the throes of an emergency throughout most of 1960; the African National and Pan-Africanist Congresses were both banned and their leaders detained, banned, or driven underground. In the Transkei, specifically, there were violent protests of local and national grievances throughout 1960 and the first part of 1961. The central government made mass arrests, especially in Pondoland, where legally a state of emergency existed until 1976. Two months later, in April 1961, Britain voted for the first time with the other major powers in the United Nations to condemn apartheid and to work for its moderation. On 10 April 1961 Verwoerd said that "in the light of the pressure being exerted on South Africa," the government would encourage the advancement of self-governing African homelands and would contemplate the provision of independence.

The Transkei moved in 1963 to become self-governing. No other homeland (none is a homeland in any meaningful, or exclusive, historical sense) followed until the end of the 1960s, when the central government had extinguished virtually all other forms of legitimate African political activity. Simultaneously it attempted to accelerate the implementation of existing legislation regarding the homelands. It also began to prepare new bills in order to enhance the credibility of the homelands and provide for their political growth. The issue of independence, raised by Verwoerd in 1959, began to be discussed more frequently and explicitly. "I established eight [homeland] governments," M.C. Botha, the minister of Bantu administration and development, said in 1970, "not in order that they might sit there and become rigid and bleed themselves to death as governments, but in fact for the purpose of promoting the process of evolutionary political development on the road to their separate independent destinations." During the next year Prime Minister B. Johannes Vorster confirmed the intention of giving complete independence to the homelands, if only at the end of a long road.

Africans, especially urban Africans, at first resisted the creation of homelands as vigorously as they protested against apartheid and separate development. Toward the end of the 1960s, however, leaders in the various potential homelands began to respond to the blandishments and pressures of white officials; some may also have seen potential rewards for all blacks in Chief Kaiser Matanzima's maneuvering. Whichever, it was more from necessity than from enthusiasm that the leaders of the other future homelands agreed to follow an accelerated version of the Transkeian constitutional evolution. "Homeland leaders who have accepted separate development," said Chief Gatsha Buthelezi in 1971, "have done so because it is the only way in which Blacks in South Africa can express themselves politically."

In the late 1970s three homelands took their local independence under the provisions of the Bantu Homelands Citizenship Act of 1970 and the Bantu Homelands Constitution Act (as amended) of 1971. The pressure on other homelands to follow Venda down the independence road was sufficiently great that the Ciskei, unlike its predecessors, appointed an international commission to advise the government of the Ciskei on the vexed question of whether independence was a useful or relevant option for Africans in South Africa, for South Africa as a whole, and for the Ciskei. This commission was constituted in late 1978 and began functioning early in 1979, meeting periodically throughout 1979 and early 1980 in order to take oral evidence (from hundreds of witnesses throughout the country), commission written briefs, and prepare its lengthy report. The commission also used a carefully constructed opinion poll to sample the views of Africans.

When the commission reported in February it advised the Ciskei and other homelands not to proceed with further takings of independence. The commission was heavily influenced in its main decision by the failure of Transkei, Bophuthatswana, and Venda to gain for their peoples recognizable benefits outweighing their clear and undoubted material, social, and political losses. The commission also learned through its evidence taking and its detailed poll that urban Africans overwhelmingly and rural Africans largely (but not overwhelmingly) opposed further grants of independence to places like the Ciskei.

In its report the commission argued against independence because "in terms of size and economic viability" the Ciskei would be badly endowed; because an independent Ciskei would not be recognized; because of the attitude survey data; and because independence would cut off a place like the Ciskei from the political and economic benefits which would in the future accrue to the people of South Africa. The last, an argument in equity, was especially persuasive.

The commission recognized that the black government of the Ciskei might nevertheless decide in favor of independence. It might also be prodded by South Africa. If Ciskei ever decided to opt out of South Africa, the commission's report warned it to do so only if the majority of its people voted in favor of such a separation (no homeland has yet polled its people); if blacks were not forced to give up their South African citizenship as a result of any independence; if the Ciskei, now too small and too impoverished, were given a handsome land settlement, including important white areas; if Ciskeians were still permitted to seek work in South Africa; and if South Africa gave the Ciskei equitable financial terms.

In other words, independence in the style of Transkei, Bophuthatswana, and Venda is an unattractive option for Ciskei and the other six remaining dependent homelands of South Africa. The body of the commission's 130-page report, especially the central political and economic chapters, elaborates that point at considerable length.

At the core of the unanimous recommendations of the Ciskei Commission was the assertion that independence was an unattractive, flawed option for the Ciskei and, by extension, for South Africa's other homelands.

The commission supported its controversial conclusion with a host of explicit arguments as well as a number which are embedded deeply in the reasoning of the economic, political, citizenship, and equity chapters of its long report. Overall, many if not all members of the commission were influenced by their perception of a fundamental political and economic reality. "South Africa is modernising--and especially in the way the modernising process affects its ethnic policies. The more it modernises the more it is in the Ciskei's economic interest to remain inside South Africa, maintaining real claims on future economic growth and substantial and growing claims to political benefits. These may be as large as they are now incalculable. In short, this is not the time to leave South Africa. It is the time," said the commission, "to stay, to take part, and to prosper."

Some members saw in the speeches of the prime minister and members of his cabinet the profound recognition that separate development had run its course. Whatever succeeded it as a policy, whether constellationism or another pragmatic response, would be bound to reflect the political and economic realities of the 1980s, not those of the 1960s.

These realities the commission also sought to reflect in its report. It advised the people of the Ciskei to seek their destiny within South Africa rather than through separation. It pointed out that independence as presently conceived (the Transkei model) had only illusory advantages. Recognition (and international aid) would not occur. Dependence upon South African technical and economic assistance would remain, and in many ways be more confining than at present.

For Ciskeians in general (the commission estimated a total population of 2 million, of whom only a third reside in the Ciskei) the commission warned that the loss of South African citizenship was a significant disadvantage of any taking of independence. Within the body of the report the citizenship chapter spells out that conclusion at length and also urges the South African government to give up its right (under existing independence arrangements) to "expel, deport, and otherwise remove" all Ciskeians from the urban areas to the homeland.

If the Ciskei should ever decide, despite the commission's report, to seek independence, the commission advised that such a step should only be taken if the citizenship question were resolved by giving Ciskeians living outside the Ciskei the choice of either homeland or South African status or both.

Additionally the commission suggested that such a step could be taken only if Ciskeian rights to seek work in the urban areas were explicitly preserved and South Africa agreed to provide "equitable financial support." By that last phrase some members meant support which would take into account the contribution of the people of the Ciskei over the past century to the economic growth of South Africa, and a share, on at least a percentage basis, of all future growth in the economy. These and other equity considerations were spelled out at considerable length in four economic chapters, the chapter on equity, and several paragraphs in the political chapter.

The commission was firm on another major recommendation: that no changes in constitutional form as significant as independence should be brought about without the firm backing of all Ciskeians voting "in a carefully supervised referendum." The commission chose to specify that only the approval of majorities of Ciskeians both in the Ciskei and in South Africa would satisfy such a requirement.

Land is an issue surrounded by some passion in the Ciskei, as in Africa. Some members of the commission recognized that the Ciskei would want more and better land, and that it had claims in equity to land substantially in excess of that still owing to it under existing consolidation proposals. Without specifying which land or how much, the commission urged a sympathetic hearing of the claims of the Ciskei for practical as well as historical reasons.

It is only at the end of its report that the commission describes its vision of a possible alternative to independence. The commission proposed the joining of the Ciskei, a nearby white farming area of roughly equal size, and the adjacent white port city of East London (pop. 75,000) into a multiracial condominium, governed by blacks and whites, and supported economically by an industrial processing zone (like Singapore) and a free port. What is envisaged is a self-governing area about the size of Connecticut, freed from South Africa's restrictive racial legislation but remaining a part of the Republic for purposes of foreign affairs, defense, and the provision of national services like railways.

The commission called this new entity a condominium, and provided only a sketchy blueprint for its implementation. But it clearly hopes that South Africans will want to create such a black-white-run area as an experimental harbinger in microcosm of a future South Africa.

The name is as awkward as the suggestion is simple and direct. Having heard from whites in East London and the Corridor about the economic malaise of that region, and having heard from Africans about the need for more land, more jobs, and new and greater opportunities, it seemed sensible to search for a solution to the problems of that part of South Africa which could also provide a solution, to be tried out in microcosm, for some of the major problems of the larger society.

The whole area would be granted home rule as far as discriminatory legislation and the provision of the usual range of social services and local economic policy. But it would be part of South Africa, with citizenship deriving from the larger entity and foreign affairs and defense being controlled from Pretoria.

The government of the condominium would, ideally, be composed of blacks and whites, if necessary voting separately for two houses of assembly. Legislation could be enacted only jointly. Land could be purchased and sold without regard to skin color throughout the condominium. Schools might, for a time, remain segregated by language. But these and similar decisions would obviously be made at the condominium level and with regard primarily to local needs and considerations. It would remain to be decided how and by whom such a region would be represented in the South African parliament.

A condominium would have a startling advantage. If well managed, it would attract foreign investment both because of its processing zone and because of its multiracial character. It would help revive the economy of what are now depressed white areas (including East London) and help develop a poor and backward black area. There appear no disadvantages, only the obstacles of ideology and inertia.

The condominium is unlikely to prove exciting to a South African government still exploring some means of converting its homeland policy of the 1960s and early 1970s into a policy option for the 1980s. Prime Minister Botha's government has hinted that black homelands will be enlarged (one white town has been transferred to Bophuthatswana) and that white-owned land owed to the homelands under the Native Land and Trust Act of 1936 will continue to be purchased from whites and transferred to black custody. But Botha's government has not yet accepted the simple notion that white farmers should be invited to become part of the homelands without the need to forfeit their land. Many homeland leaders welcome that suggestion and want simply to draw a big circle around their territories, including within them such whites as now live there.

In addition to talking about revisions of the constitution, the government has discussed an array of political compromises which would build upon the existing homelands. Federal, confederal, and cantonal proposals have been aired. A white-run central government might in some as yet unspecified way parcel out to the local governments of black homelands and urban townships sufficient authority to approximate limited power sharing at the regional level. National decisions would still be taken by whites or by a majority of whites and a diluted group of Africans.

Botha has even talked grandly about a southern African constellation of states, a kind of overarching grand governmental coprosperity sphere from Zaire southward. In his vision, South Africa's economic and military might would provide the central energy of such a firmament. Black states that are now genuinely independent as well as those homelands recently granted local independence would be invited to join. The homelands that are still part of South Africa would also be part of the constellation, but some kind of dual nationality would exist for the citizens of the homelands who did not want to lose their South African passports and other perquisites. The scheme may be as vague in Botha's mind as it is fuzzy in the recounting. Would it be confederal or federal in construction? Who would control its operations? How would it be launched? What would be the advantages for Africans?

These questions as yet have no answers. It is obvious to outsiders, however, that no African state would agree to be recolonized by white South Africa. All--even the smallest--will shun formal economic ties until South African whites have begun to share power. They may accept South African economic assistance and increased trade, but without strings attached.

The constellation is only the most recent proposal to advance the notion of very gradual power sharing. Under other variants, the political potential of the black majority would be realized slowly--by limiting the number of Africans in a rearranged Parliament, by imposing educational or property qualifications to hold down the number of African voters, by introducing a complicated form of proportional representation, or by rearranging the geographical structure of South African society.

Because there is a new ferment in South Africa, and because blacks know that Afrikaners will give up privilege before they concede the guts of real power, Dr. Nthato Motlana, Buthelezi, and other black spokesmen emphasize that compromises must be negotiated. They will reject anything imposed by the whites. They no longer want to be co-opted or divided or seduced by promises of economic or social advance. They are peaceful men who know that their followers can hardly be restrained forever, even by South Africa's might. More and more, they fear that only new outbursts of violence will persuade Botha's government to negotiate meaningfully.

Botha has reinforced that fear in recent months. Alongside his conciliatory statements are others by which he has assured fellow Afrikaners that the dismantling of social apartheid would not mean giving the vote to blacks. A white politician would have to be exceptionally foolhardy to say otherwise. Yet discussions with the intellectual Afrikaners who now advise Botha, private talks with a few of his cabinet ministers, and Delphic public utterances by members of the Afrikaner elite persuade this outsider that the oligarchy ruling South Africa still thinks that black political demands can be dismissed. "I am giving you a final warning," Botha told a militant Coloured group. "One man, one vote is out; that is to say, never."

How to concede meaningful portions of power without submerging themselves is the white problem. How to secure that meaningful share without enduring a wholesale blood bath is the black problem.

In the search for a solution to the political problems of South Africa, it is evident that the homelands, and separate development, never presented a viable option. There are no simple paradigms for change in South Africa. The only viable option is apt to build upon meaningful discussions between black and white leaders. Those discussions, sooner or later, can only be about power, and about how to share power realistically over time.

Mr. **Solarz**. Thank you very much, Professor.

Mr. Wilkins, how long were you in South Africa?

Mr. **Wilkins**. Two weeks.

Mr. **Solarz**. During that course of time, you met, I imagine, with many black leaders throughout the country?

Mr. **Wilkins**. Black and white, yes.

Mr. **Solarz**. I ask particularly about the black leaders, because that is going to lead to some questions that I want to ask.

Are you satisfied that you saw black leaders representing a broad spectrum of opinion within the black community?

Mr. **Wilkins**. I am satisfied that I saw a broad spectrum. I am not satisfied that I saw the entire spectrum.

I did not see young, militant, urban blacks. Their political views were described to me, but I never saw them.

Mr. **Solarz**. In terms of the kind of ideological spectrum, was there any group in the black community that you may not have had an opportunity to meet?

It would be the people at the more militant end of the spectrum?

Mr. **Wilkins**. Exactly.

Mr. **Diggs**. Those who were in jail?

Mr. **Solarz**. Fine.

Now, among those leaders with whom you did speak, did you find any interest at all in the possibility of some kind of Federal or partitionist solution for South Africa?

Obviously, you must have talked at great length about the political future of the country. You indicated that there was no interest, if I recall correctly, on their part in the homelands policy as presently constituted.

Did anyone speak about a Federal solution or a partition solution?

Mr. **Wilkins**. Very little.

When I was there the Prime Minister was proposing, with great fanfare and publicity, his idea of a constellation of states in southern Africa. Much of the debate was about that. Many of the conversations that I had were about that.

To the extent that we talked about other options for the future, by far the most commonly agreed upon progression was that which Professor Rotberg touched on in his conclusion, that if although people did not and could not conceptualize specifically the forms in which ultimately would be shared, there was almost unanimity that the first step had to be in an all parties' conference, in which black, colored, Asians, and whites participate equally in discussing the future.

If I took away any dominant impression about what blacks wanted, at least in the near term, that was it.

Mr. **Solarz**. Of course, that speaks to a kind of procedural question, of how you go about procedurely resolving the future political dispensation of the country; but on the substantive question of what that ought to be, did you find, for example that there was a consensus in favor of the idea of a unitary state based on the principle of one man, one vote?

Mr. **Wilkins**. I heard nothing from blacks that would lead me to believe that any alternative other than that would be acceptable.

Mr. **Solarz**. A unitary state based on the priniciple of one man, one vote?

**Mr. Wilkins.** Exactly.

I heard some blacks state this in the presence of members of the Government.

**Mr. Solarz.** It is your feeling that any kind of federal solution would presumably be unacceptable to the blacks?

**Mr. Wilkins.** Yes.

Obviously, I feel a reluctance to speak for black South Africans on the basis of such a limited exposure, but based on my conversations in the limited amount of time available to me, I would say that is exactly correct.

**Mr. Solarz.** Was it your impression, based on your conversations with the black leadership, that they were opposed to any kind of devolution of authority? Local government, regional powers within that framework of a unitary state?

In other words, would they consider the United States or the political model that we have in our country, where we have 50 States, and each State has substantial authority, and the national Government with Federal authority, would they consider that kind of model incompatible with their view of the political future of South Africa?

**Mr. Wilkins.** We could never get to that, because the procedural issues were very powerful in people's minds.

While I was there, the Prime Minister gave an interview to Time magazine, in which he said, whites in South Africa want to live among themselves, "and that is our right," and we are going "to grant to the blacks in South Africa the right" to live among their own.

The blacks with whom I spoke were still wrestling with that procedural question. They are prepared to accept, at least the ones with whom I spoke, no arrangement which is imposed upon them by the white majority, even if it is couched in terms of the whites granting rights to the blacks.

I cannot tell you that we discussed the American federalism analogy. I do not remember having such discussions. All the notions of a confederation, as a constellation of states, were to the blacks with whom I spoke, simply viewed as one more charade that puts off the inevitable transfer of majority power to the black people, in some way or the other.

**Mr. Solarz.** You characterized Transkei as a joke country.

**Mr. Wilkins.** I was quoting an editorial in the Rand Daily Mail.

**Mr. Solarz.** I take it that it reflects your own view?

**Mr. Wilkins.** That reflects my view, yes.

**Mr. Solarz.** In what sense is the Transkei an adjunct country? In the same sense that Swaziland and Bophutatswana are not?

**Mr. Wilkins.** I cannot speak about Swaziland or Bophutatswana, since I have never visited there.

I observed the conditions that Bob Rotberg described, that the Transkei is primarily rural, extensively improverished, that Transkei was the only part of South Africa, for example, where I saw naked black children along the roadside. I did a lot of driving in the country. I did not see that elsewhere.

**Mr. Solarz.** Mr. Wilkins. I accept the fact that the Transkei is not an urban Utopia. Obviously, there are many countries around the world which are comparably backward in their development, where naked children run around, but they are still part of the family of nations.

Is there some sense that the Transkei differs from a number of the other countries?

Mr. WILKINS. I would say that the Transkei differs from a number of the other countries. I would not dismiss poverty as one of the significant differences. Transkei, after all, exists within the boundaries and under the aegis of one of the richest, modern nations on the face of the Earth.

The contrast between Transkei and the mother country, whatever you might call it, is quite different, say, from making a contrast between South Africa and some other country.

Mr. SOLARZ. There is a relatively comparable contrast between South Africa and Swaziland in terms of economic conditions, in terms of the two countries, whatever the drawbacks of these countries. Maybe they are members of the U.N. Other people recognize them. People do not go around characterizing them as joke countries. We recognize the problems, and we try to help them.

I am not arguing for American recognition of Transkei. I was the author of a resolution of Congress to the administration not to give recognition to the Transkei. I am trying to get to why you believe this?

Mr. WILKINS. The contrast is one thing. The second thing is that people who live there told me that is a one-man country, that the President is the be all and end all of the government, and that his policies are simply a reflection of the wishes of the Republic of South Africa. In fact, a number of Transkeis who spoke to me view the Transkei as simply a pale reflection of South African Government policy.

In the words of one Transkeian, it is the stooge of the Republic of South Africa.

Mr. SOLARZ. Mr. Wilkins, if we were to consider every country that was under the effective domination of one man to be a joke country, we would have to write off a significant percentage of the member states of the United Nations.

Mr. WILKINS. I agree with that, Mr. Chairman, except you continue to ask these questions as if the Transkei did not exist within a specific context—a context that includes the contrast between the richness of the Republic of South Africa and the poverty of Transkei—but is centered on and including the fact that the "independence" that Transkei has devolved only from the authority of the Republic of South Africa.

In that context, this man's rule in a supposedly independent country simply reflects the wishes of his masters in Cape Town and Pretoria who are the only ones in the world who call Transkei independent. That is why it is a joke country.

Mr. SOLARZ. Do you have any sense as to how the people feel about being independent?

Did you get any sense that the people of Transkei prefer independence as to being a part of South Africa?

Mr. WILKINS. Some did; some did not.

Some talked to me with a great deal of passion about what it means to be independent in Transkei. One man said it means that you can eat in any restaurant you want to. When you have to go to the bathroom, you do not have to go into the bush. You can get a job according to your ability. Another spoke in terms of having equal human dignity there. He spoke with some passion, and I thought these people were sincere.

Others spoke to me privately. They were afraid to speak in the large evening dinner group where I originally met most of these people. They came to me privately, and some sought help in getting out. They did not want to be there. They want to come to the United States for a variety of reasons.

They said that they could not criticize the Government, because criticizing the Government was criticizing the President; that unemployment was enormous, and because of the Government's economic and political leverage there was no freedom.

**Mr. Solarz.** Mr. Visser, I read your testimony with a great deal of interest, and I suspect that perhaps out of a lack of familiarity with our country you may have advanced arguments which are ultimately incompatible with the conclusions that you have presented.

For example, you suggested to the committee, that we should have the courage to formulate a foreign policy which is not based on the doctrine of selective morality. I think that you even state something to the effect that if the United States is to articulate defined universal principles by which it is to govern foreign policy, that they would have to be universally applied.

**Mr. Visser.** Yes.

**Mr. Solarz.** Are you aware of the fact that we established an embargo against Uganda a few years ago?

Might it not be argued that given the massive abuse of human rights in South Africa, that a failure—if we are to apply universal principles—not to apply an embargo against South Africa would be an example of selective morality, given the embargo that we established against Uganda?

**Mr. Visser.** I agree. I am fully aware of the fact that the United States did establish an embargo against Uganda, but to compare the atrocities of Idi Amin with the breaches in South Africa is just not right.

**Mr. Solarz.** Are you aware of the fact that we have had an embargo against Cuba for 20 years now?

**Mr. Visser.** Yes; I am aware of that.

I am also aware of the fact that you never had an embargo against Equatorial Guinea, despite the fact that about half the population have either been massacred or fled the country.

**Mr. Solarz.** Perhaps we should have, if we were to be consistent.

**Mr. Visser.** That is exactly what we say.

**Mr. Solarz.** Is it not a fair conclusion that if we have established embargoes in the past against these countries, whose human rights policies we find morally deficient, that we should begin to more systematically apply embargoes in the future to countries whose human rights policies we find inadequate?

**Mr. Visser.** I think that if the United States applied sanctions against all people in breach of the U.S. concept of human rights, there would not be many nations with whom you would have relations.

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Mr. **Solarz**. That is a very good argument, but it is not the same as arguing that we should not have a selective morality because we have already demonstrated selective morality.

You quoted at the end of your testimony a statement by George Ball. I understand that you wish to associate yourself with those views?

Mr. **Visser**. Yes.

Mr. **Solarz**. The point of Ball's statement, if I understand it correctly, is that there is a contradiction between the way in which we approach a country like the Soviet Union, or encouraging the maximum exchange possible, in the hope that that will facilitate internal change and the way in which a number of people recommend that we deal with South Africa.

That, I think, is a fair summary of the views with which you are associating yourself?

Mr. **Visser**. Yes.

Mr. **Solarz**. Are you aware of the Jackson amendment?

Mr. **Visser**. No; I am not.

Mr. **Solarz**. The Jackson amendment was adopted several years ago. It said, in effect, that unless the Soviet Union adopted a policy in which people were permitted to emigrate freely—in other words, freedom of emigration from the country—the Soviet Union would not be entitled to most-favored-nation status.

Given the fact that that has been our policy toward the Soviet Union, and you seem to feel that we should not treat South Africa any differently than we treat the Soviet Union, do you think that suggests that it would be appropriate for us to have some kind of trade sanctions against South Africa?

Mr. **Visser**. No; I am not suggesting that.

I am pleading for greater cooperation, greater contact between our nations. Despite the Jackson amendment, there is an ongoing process of communication with the Soviet Union; the fact is that there are cultural exchanges, educational exchanges, scientific exchanges, while these things do not occur with South Africa.

Mr. **Solarz**. We do not have an embassy and other kinds of contact with South Africa?

Mr. **Visser**. Yes; you do.

I am talking about cultural exchanges. I am also talking more about trade. The U.S. policy is not to encourage or discourage trade with South Africa.

Mr. **Solarz**. My basic point is that Congress cited several years ago that that would be an appropriate approach to the Soviet Union—to deny them most-favored-nation treatment—unless they made certain changes in their policy toward their own people. South Africa enjoys most-favored-nation status from us, and it seems to me that that would argue for a consistency of policy. You might take the position that it might be entirely appropriate to use our economic relationship with South Africa to try to induce changes in South Africa's policy in a way that would be permissible.

It may be that what we do with the Soviet Union is wrong, but it is the model, and I think that it would be permissible to impose a similar policy against South Africa.

You testified elsewhere that you felt because of tribal and ethnic considerations, that the homelands approach made a good deal of sense in South Africa. People are different, with different language and cultural backgrounds. My understanding is that this is true of most of the countries of Africa where there are many different tribes, but in all the other countries of Africa, we deal with one nation, in spite of the fact that there are many different ethnic and tribal groupings.

If these countries have been able to manage a sense of national cohesion, and have been able to develop a sense of national consciousness, where there are many more tribes, I gather, than there are in South Africa, why should it not be possible to do so in South Africa?

Mr. VISSER. Do you not think that the record of the coups and takeovers in the rest of Africa is an indication of this, and that it is something that we should try to avoid in South Africa?

Mr. SOLARZ. There are coups all over the world, not only in Africa.

Mr. VISSER. I am talking about Africa specifically.

Africa, more than any other continent has shown that it is far more susceptible to coups. I think that it is important to realize that in South Africa, we do have a democratic system, although in certain cases limited to the white. We do have free institutions like a free press, and a free judiciary, and those institutions are the ones that we would like to retain.

Mr. SOLARZ. Were referendums held in Bophutatswana, Venda, or the Transkei?

Mr. VISSER. A specific referendum on the specific question of independence, no; but, for instance, Matanzima of the Transkei was elected on several occasions by the electorate. He clearly stood for independence.

Mr. SOLARZ. Would it have made sense to have a referendum?

Mr. VISSER. I suppose that in retrospect that it might have made sense.

Mr. SOLARZ. What about the other homelands that have not become independent yet. If a referendum were held, and the majority were against independence, what would be your position?

Mr. VISSER. I can't say what my position would be. I can only say what Government policy is, and Government policy is very clear.

If they wish, they may, but they will not be forced to secede from South Africa or take their independence.

Mr. SOLARZ. One of your purposes, I gather, is to disseminate information about the situation in South Africa. Frankly, I have been having trouble finding out exactly what the policy is as of today in practice, in terms of the citizenship of blacks in South Africa who belong, who do not live in the homelands, but whose tribal affiliation presumably makes them a citizen of the homelands.

Have these people lost their citizenship in South Africa? In other words, if you had a person living in Soweto, is he considered a citizen of Transkei, or of South Africa?

Mr. VISSER. In the case of a Transkei, for example, the point of view was that they have lost their South African citizenship. Let us look at what is going on.

Mr. SOLARZ. Let me pursue this point.

If you had a person in Soweto, has he lost his South African citizenship?

Mr. VISSER. Yes.

Mr. SOLARZ. Is he considered a citizen of Transkei?

Mr. VISSER. Yes.

Mr. SOLARZ. Even if he had never been to the Transkei? Someone born in Soweto, and has lived in Soweto all his life, is such a person considered a citizen of the Transkei?

Mr. VISSER. Theoretically, he would be considered a citizen of the Transkei; yes.

Mr. SOLARZ. If such a person wanted to come to the United States, let us say in accordance with the policy on our part, to maximize cultural exchanges and flow of information, would such a person be permitted to come here on a South African passport, or would he have to get a passport from Transkei?

Mr. VISSER. He would probably have to get a passport from the Transkei.

Mr. SOLARZ. Mr. Visser, I can only relate to this in my own, perhaps, parochial terms. I am Jewish. I am also an American, I was born here; my parents were born here. If one day the Government of the United States declared that Israel was the Jewish homeland, and therefore all American Jews, even if they had never been to Israel, and had no desire to go to Israel, would henceforth be considered citizens of Israel, and not of the United States, I would consider this to be an absolute total outrage.

Would I be wrong in feeling that way?

Mr. VISSER. I agree with you, but you see, Mr. Chairman, what you have failed to recognize is the tremendous change that is taking place within Government thinking in South Africa.

We are talking now about policies which date back to the 1960's, and I have not seen any reflection of the current thinking concerning Government policies. There is a tremendous debate waging at the moment within Government circles, within the Cabinet itself, about the question of dual citizenship for all these countries.

I am not advocating that the status quo is acceptable. As a matter of fact, I think that we have to make some changes. But where are we going? It is a debate that is going on; it is indicative of where we are going. We are going to change this.

Let me say that you have to realize that South Africans are not immoral people. The stereotype of the Afrikaner as an ogre running around the African bush, trying to subdue blacks, is just not honest. It is totally erroneous. We have a conscience as well, but one has to understand the history of these people to find out exactly where they come from, and where they are going.

Mr. SOLARZ. I would admit that like other peoples, some Afrikaners are moral, and some are immoral, but the percentage of both, I suppose, remains to be determined.

We are trying to get to the reality of this situation. My next question is, is it only those blacks whose homelands are declared independent who have lost their South African citizenship?

Mr. VISSER. Yes.

Mr. SOLARZ. In other words, if you are a Zulu and live in Soweto, you are still considered a South African citizen, because Zulu has not become independent?

Mr. **Visser**. Yes; and you apply for a South African passport.

Mr. **Solarz**. When are these commission reports, that you referred to, due, the new ones?

Mr. **Visser**. The Vander Walt Commission is due the first week of June, after that the Schlesbusch Commission, on the constitutional change. I am not quite certain about the date, but they mentioned that they might have an interim report sometime in June.

Mr. **Solarz**. Two more questions, and then I will yield to my colleagues.

You indicated that under the terms of the homelands policy, the homelands are not supposed to be forced on the blacks if they do not want them?

Mr. **Visser**. Yes.

Mr. **Solarz**. Mr. Wilkins has testified that it is his impression that the overwhelming majority of black leaders, at least the ones whom he met are against the homelands.

Let us just say, hypothetically, because I do not want to get into an epistemological debate with you about who knows what about the attitude of the blacks in South Africa, but supposing that you were persuaded that the great majority of the black people in South Africa did not favor the homelands approach, where would you suggest that South Africa go from there?

Let me say that I quite agree with you that if, in fact, this is what the people in South Africa want, they ought to have it. I think it would be wrong. I see nothing wrong in principle or theory with the homelands approach if it is acceptable to the people of the country, but if it is not acceptable, then it seems to me to be a nonstarter.

Suppose it becomes clear that nobody wants it, that very few want it, what do you do then?

Mr. **Visser**. Do you not think that that argument is based on the fact that the homelands policy as it is at the moment is unacceptable? I do agree. I think that the homelands policy as it is constituted at the moment is unacceptable by the majority of black people, but I have made it quite clear in my testimony today that there is tremendous thinking about this, and the homelands policy as we see it today is going to be totally and dramatically different within 2 years time.

There is no idea to prescribe to people, or to force people into something. That is why I find the new approach of the Prime Minister—there is going to be consultation with all people concerned in South Africa on the constitution of South Africa—so refreshing, because we are moving away from the idea that we are going to tell you what to do; we are now going to consult with you, and together we are going to work out a system that will insure the greatest amount of freedom for all within South Africa.

Mr. **Solarz**. What role or room is there for the urban blacks in this hypothetical dispensation?

I notice that you did not refer to them in your testimony.

Mr. **Visser**. No; I did not.

The urban black will be accommodated with the colored and Indian people in the constitutional plans for the future of South Africa, on which the Schlesbusch commission is supposed to pronounce very shortly.

Mr. Solarz. Professor Rotberg, you were today indicating in your testimony that the homelands policy was not a viable basis for future political dispensation in the country.

If that will not work, then I suppose that the whites are now prepared to accept a unitary state, based on the idea of one man, one vote. Can you envision some kind of arrangement that conceivably could be acceptable to the blacks as well as whites in the country?

Mr. Rotberg. Mr. Chairman, it is very difficult to envisage exactly what will be acceptable after the tortuous rounds of negotiations, which I assume will sooner or later ensue, or perhaps ensue over long periods of time.

However, it is clear from the opinion poll that the Ciskei commission had taken of urban and rural Africans, of Africans across the nation—which was done in the usual scientific manner with African interviewers and so on—that overwhelmingly they preferred a unitary state, as envisaged as early as 1912 by the African National Congress, and which was the dream of black South Africans until 1948. The poll gave them other options, one of which was a federal state, or a confederal state, and we attempted to spell out what that meant. The questions had to be indirect because you could not put a concept like that in a series of questions. However, there was a 50–50 acceptability among applicants, if I remember the results correctly, for a federal or confederal type of arrangement providing that power was shared in some just manner.

That is a preamble to the answer to your question, which is, both my general experience in South Africa and the intimate experience of dealing with a particular problem relating to the homelands during my past 18 months leads me to think, as I said at the very end of my testimony, that the only way we can answer your question is to have black and white leaders sit down and talk together over relatively long periods of time; not one meeting, clearly, but, as in the American Constitutional Convention, over relatively long periods of time.

It is often said in South Africa that it is difficult to decide who are the leaders of South Africa. That is sophistry. It's very easy, because most of those people have been identified by the security police in one form or other. They are known. Their whereabouts are pinpointed. Then there is a category of newer leaders who are not known. They can be identified by their various constituencies. And, of course, that is what may be happening at this moment with regard to the scaling down of the boycott of schools by coloreds.

Just another sentence or two which will really get to the answer of your question: A result of negotiations could be now, but maybe not in 5 or 10 years, an agreement to provide definite steps toward majority rule; that is, different ways of manipulating franchises, different ways of using proportional representation, and the devising of new regions, all in order to make the abrupt shift from one form of power to another more palatable to Africans and also, particularly, to whites. In other words, we can't expect altruism on the part of power wielders; we must find ways of appealing to their self-interest.

Mr. Solarz. Thank you very much. I beg the forgiveness of my colleagues for having taken so much time. As you know, it is a subject about which I feel very strongly.

Mr. Diggs.

Mr. Diggs. Thank you very much, Mr. Chairman.

Mr. Rotberg, your analysis was, as usual, particularly useful to the subcommittee's deliberations when you talk about these peaceful alternatives. Since the system in South Africa is presumed to be maintained by the political dominance of the Afrikaner, do you see any future for those who have a different view coming into any kind of a position of influence for the alternative view? If we're now talking about some kind of civil war or something like that, by talking about a change that is dictated by political confrontations, and, therefore, we are talking about the efficacy of the Liberal Party which presumes to have a different point of view, do you foresee any future for them rising to a point of influence or even majority in that society?

Mr. Rotberg. It would be dangerous to predict what might happen in South Africa. But I think, on present evidence, I would find it unlikely to think that the Progressive Federal Party, which now has 19 seats, would, either through a general election or through some other means, increase its numbers to the point where it was an alternative, in terms of numbers, to the National Party.

And there's a split in the ruling party that's often talked about in South Africa. I'm not persuaded that it is likely in the near future. I am not persuaded that change in South Africa is going to come exclusively within the white voting structure.

Mr. Diggs. Well, my party, the Democratic Party, has undergone changes over the years. I can remember a time when my party was dominated by a kind of mentality from the South very similar to the Afrikaner mentality and views on racial matters, including members of the Ku Klux Klan and all the other conservative forces. And I have seen that party evolve to the days of Roosevelt and beyond, where we have brought about considerable change.

So, therefore, the other side of the coin is, and your analysis, given the optimism that Mr. Visser seems to have about change that is taking place, do you see from your vantage point any prospects for that kind of evolution, where the dominant political force comes along to the point of wanting to do away with the exclusions which characterized them before?

Mr. Rotberg. Mr. Diggs, I think that we really should not compare the Democratic Party over its lifetime with the National Party in South Africa.

Mr. Diggs. I gather that Mr. Visser seems to be making these kinds of comparisons between institutions. Just give us a little time and we're going to change just like you have changed. That is the context in which I raise the question.

Mr. Rotberg. I think that Mr. Visser is right. The National Party of South Africa has changed enormously. The question is whether it can change fast enough in the next few years.

It's not a question of whether there has been change or has not been change. Of course there has been change in attitudes.

But what I have said thus far is that I am not sure that the Government of South Africa as presently constituted will move fast enough to get ahead of the curve of the problem, rather than lagging behind. Most changes in South Africa lag behind the problems.

I was going to say the structure of the Democratic Party in the South did not change for a long, long time. And possibly, until after the Voting Rights Act, even though the Democratic Party was changing, the Democratic Party in the South stayed largely with the same power structure.

One point I would like to make is that South Africa is capable of changing. When the ruling party, that is, the Prime Minister and his colleagues, decide to change, that change can be effected more rapidly. We have seen that. We have seen the Prime Minister's speeches of last autumn. We have seen what the Prime Minister said 2 days ago. Those changes, those thoughts, if converted into policy, can have an impact overnight on the political evolution in South Africa.

But what we have not yet seen—what I have not yet seen is the translation of the Prime Minister's remarks into accomplishments of the legislative session that is going on now. And the question, I think, which is before us at the moment is whether the Prime Minister's conciliatory remarks to the coloreds of 2 days ago will be translated into actions which will, in fact, bring about alterations in the educational system against which the coloreds were protesting and which the Prime Minister said—and this is the significant statement—the Prime Minister said that the grievances of the coloreds were justifiable. That is a startling statement. But, again, only the translation of such statements into action, would confirm any optimism that anyone might have.

Mr. SOLARZ. Mr. Diggs, if you will yield for a minute, we have, by second ballots, a vote on the Symm's amendment concerning purchase requirements of food stamps. I suspect you will want to be recorded on that. So, our subcommittee will recess for approximately 10 minutes.

[A brief recess was taken.]

Mr. SOLARZ. Everybody here? We'll resume.

Mr. Diggs.

Mr. DIGGS. Thank you, Mr. Chairman. I had not finished with my questions of Mr. Wilkins. He is not here, so I will return to him.

Mr. Visser, I am fascinated with what's called the South African Foundation. I wish we had a U.S. Foundation in South Africa that could represent what I think are generally American views in this country as you so ably represent the dominant view in your own country here. I am correct, am I not, that there is no counterpart to your organization in South Africa, no American counterpart to your organization?

Mr. VISSER. No.

Mr. DIGGS. You are registered under the Foreign Agents Registration Act as an agent of the South African Government?

Mr. VISSER. Yes.

Mr. DIGGS. Registration does not indicate approval of the material by the U.S. Government. When did you last make your report under the act?

Mr. VISSER. We have to submit two reports every year, every 6 months. The last report was submitted in December.

Mr. DIGGS. In December. All of that, of course, is available to the committee. Tell us a little bit more about yourself, Mr. Visser. How long have you been in the position as deputy director?

Mr. VISSER. I have been here approximately 4½ years, Mr. Diggs.

Mr. Diggs. Tell us something about your background. I mean, you are a South African citizen, I assume?

Mr. Visser. Mr. Diggs, yes, if you want to go into my pedigree, certainly. My family came to South Africa in the 1650's. I'm Afrikaans speaking; an Afrikaaner, in other words. And we've been there ever since.

Mr. Diggs. You have traveled extensively, I assume, since you've been in the States?

Mr. Visser. Yes.

Mr. Diggs. Given lectures?

Mr. Visser. Yes.

Mr. Diggs. In various places?

Mr. Visser. Yes.

Mr. Diggs. In most of the States? Or have there been any States in which you have not lectured?

Mr. Visser. There are 50 States in the United States, and I've covered, say, about 40 of them.

Mr. Diggs. What is the kind of audience that you lecture to? On a campus?

Mr. Visser. I go to university audiences. I have spoken to the Council on Foreign Relations, the World Councils, the various service clubs, business clubs.

Mr. Diggs. Have you spoken in Detroit, for example?

Mr. Visser. I have not been to Detroit, no. But my colleague has.

Mr. Diggs. I was going to get to him later. How do you come about these engagements? On your own initiative? Or are you invited by various groups to testify?

Mr. Visser. Both. We are invited.

Mr. Diggs. Have you traveled in those parts of Africa where you can travel?

Mr. Visser. Mr. Diggs, prior to the independence of most African countries, I had traveled extensively throughout Africa and I am pretty familiar with Africa south of the Sahara. Since the African countries, or most of the African countries have become independent, I have been refused permission to travel to them.

Mr. Diggs. There are some countries to which you could travel, is that not true? You could travel to the BLS countries?

Mr. Visser. Yes.

Mr. Diggs. Have you traveled to Malawi?

Mr. Visser. Yes.

Mr. Diggs. To Zimbabwe?

Mr. Visser. Yes.

Mr. Diggs. And despite any official restrictions to Mozambique?

Mr. Visser. At the moment I don't think the Mozambique Government is particularly keen on having tourists from South Africa.

Mr. Diggs. South Africans come in and out of there all the time.

Mr. Visser. No longer, sir. The only people who go to Mozambique at the moment—there might be a few exceptions—are those people concerned with running the railways and the harbors of Mozambique.

Mr. Diggs. Namibia; I assume you've been there.

Mr. Visser. Yes. I was born in Namibia.

Mr. Diggs. Oh, I see. What was your occupation before you took over this position?

Mr. VISSER. I was with a South African company, doing international marketing.

Mr. DIGGS. You indicate that the organization is nongovernmental and nonprofit, and the emphasis is, the presumption is, that you're not active in the political situation there at all?

Mr. VISSER. As I explained; because we get our support from such a wide spectrum of political opinion within South Africa, we do not take sides politically. But we have come out very strongly for the elimination of all forms of racial discrimination in South Africa. We have come out very strongly for the necessity of change, to work toward an equitable solution for South Africa's problems.

Mr. DIGGS. You do not?

Mr. VISSER. We do not prescribe solutions, because that is not our field. That is the field for the politicians. But we do try to stimulate debate on some of these issues by posing challenging questions to South Africans and inviting responses from responsible people.

Mr. DIGGS. I was also interested in your governing board. You said, on the first page of your testimony, that it consists of 350 prominent men and women. That's a pretty large board; I don't know of any organization in the country here that has 350 people on it. Could you tell us something about the board of trustees? Why is it so large?

Mr. VISSER. Because we want to have a representative all people within South Africa and all shades of opinion in South Africa and reflecting all professions in South Africa.

Mr. DIGGS. How often does the board meet?

Mr. VISSER. The board meets once every year.

Mr. DIGGS. So there is an executive committee?

Mr. VISSER. There is an executive committee chosen from members of the board of trustees.

Mr. DIGGS. How large is the executive committee?

Mr. VISSER. There are 12 people.

Mr. DIGGS. How representative is that?

Mr. VISSER. As representative as the board of trustees.

Mr. DIGGS. Are there any blacks on it?

Mr. VISSER. Yes.

Mr. DIGGS. You have 12 people. Could you give me their names and tell me who they are?

Mr. VISSER. I'm afraid I haven't got them with me. I could provide it for the record.

Mr. DIGGS. You could provide it for the record?

Mr. VISSER. I can provide it for the record.[1]

Mr. DIGGS. To the best of your recollection, how many of the 12 are blacks?

Mr. VISSER. Mr. Diggs, we in South Africa are not concerned about black and white.

Mr. DIGGS. I'm asking you a question.

Mr. VISSER. We're concerned about all South Africans, black and white.

Mr. DIGGS. Mr. Chairman, I think I'm asking the questions, and I'm not going to be quite as broad as you were, because many questions you asked him, he came back with a question. And I'd just like the gentleman to answer the question. It's very simple.

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[1] At time of publication the information had not been received.

Mr. Solarz. I think, Mr. Visser, if you feel that you can, it would be helpful.

Mr. Visser. I am not sure.

Mr. Solarz. Could you submit for the record, together with a list of the names, the race of the members of the board?

Mr. Visser. Yes.

Mr. Solarz. By the way, it would also be interesting, if you could also indicate how many of the 350 on the board of trustees are black and how many are colored and how many are Asian, how many are white.

Mr. Diggs. Has there been any change in the attitude of the foundation or the policy of the foundation since the election, since Zimbabwe? Has this placed South African policy in a little different context or any different context? Because, obviously, the South African policy in that region was dictated, to some extent, at least, by the status of things in Rhodesia, what you anticipated the prospects to be. You did not anticipate Mugabe being the No. 1 person. And you were heavily involved, your country was heavily involved, in Rhodesia. And it has a bearing upon many other things for which the foundation stands and in which it is interested. I wonder whether or not there has been any change. Has there been any special meeting called to reflect upon the Zimbabwe situation and how that may have a bearing upon the policies in which you are interested?

Mr. Visser. Mr. Diggs, are you referring to the policy of the South African Government or policies of the South African Foundation?

Mr. Diggs. They may be the same.

Mr. Visser. They are not the same.

Mr. Diggs. All right. Let's take the foundation. Speak for the foundation.

Mr. Visser. The foundation, as I tried to explain to you, does not take part in the political processes within South Africa. We have no particular or specific policy with regard to any of our neighboring countries or with regard to the internal situation except, as I said, that we have come out very strongly against all forms of racial discrimination.

When it comes to the South African Government, yes; they do have a policy with regard to Rhodesia. And that is the same that applies to Mozambique. We are going to be good neighbors.

Mr. Diggs. All right. I would pose the same question with respect to the death of Neto; whether or not that posed any special considerations or review of policy.

Mr. Visser. Angola has always been outside of the African or South African sphere. We had few economic ties with Angola. So it really has not changed very much, because we have had minimum contact with Angola through all the years.

Mr. Diggs. Except in the south. Obviously you have had it in the south. Mr. Savimbi was in this country a few months ago and conceded where his principal support was coming from. You must be talking about the other part of Angola.

Mr. Visser. Mr. Diggs, may I say that Mr. Savimbi did not mention South Africa as support.

Mr. DIGGS. You talked to him at certain times, and other people talked to him at other times.

Mr. VISSER. I'm sorry, what he's said publicly does not indicate in any way that South Africa is supporting his forces.

Mr. DIGGS. I am curious about your response to the subject matter here on homelands without making any reference to the coloreds and Indians. At least, I didn't see any in here. I just wonder what your attitude is—"your" meaning the foundation's—rationale is on the homelands policy in excluding coloreds and Indians. Could not the same rationale be applied toward a separate homeland for the coloreds, for the Indians?

Mr. VISSER. With regards to the colored population and the Indian population, it is not, to my knowledge, Government policy to advocate or have separate homelands for these two population groups.

Mr. DIGGS. What is the foundation's attitude toward that? You said you were here for the foundation. You seem to be speaking under both hats, however.

Mr. VISSER. No; I'm not. You are asking me questions.

Mr. DIGGS. Is there a difference? Does the foundation have any opinion about homelands for the coloreds and the Indians?

Mr. VISSER. Mr. Diggs, I can only repeat to you again that the South African Foundation does not participate in domestic policies in South Africa. It has come out against racial discrimination in any form whatsoever. And it is trying to impress upon our South Africans of all colors that the status quo cannot be retained and will have to be changed dramatically. That is what we do.

The moment we come out and express opinions on, say, a colored homeland, or the necessity of an Indian homeland, we're going to the area of politics. And that we cannot do because we are specifically—our constitution specifically excludes us from doing that.

Mr. DIGGS. But that is a strange response in view of how your testimony deals with the homelands policy rather extensively. You made a reference to the debate on the constitutional future of South Africa, where you invited several prominent academics to participate. Was that strictly an academic discussion? Were there any blacks included in that, or coloreds, or Indians, or anybody? Or was that an all-white discussion of the future of South Africa? And if so, if it was all-white, how can there be such a discussion without bringing in the rest?

Mr. VISSER. Mr. Diggs, may I say I did not say that we did. I said the University of Natal held a conference there.

Mr. DIGGS. I thought you—obviously, you thought it was important, because you made a reference to it, and you made that as an indication of how change was taking place, and you seemed to embrace that kind of an example.

Mr. VISSER. I wanted to mention that example as an indication of the exchange of views that is going on among all sections of the population, and all races in South Africa, on the constitution.

Mr. DIGGS. Were there any blacks included in that discussion?

Mr. VISSER. Yes. I said 150 delegates—and I quote—"from a wide spectrum of South African social groups, political parties, administrative levels, business interests, homeland governments, assembled to exchange views on all aspects of the constitution." These include black universities, as well.

Mr. DIGGS. I just have one final question on this matter of communication, because you stressed it and rightly so, and people on the panel here have stressed it and rightly so. I am just curious as to whether or not there has been any off-the-record discussions between Afrikaners and blacks. I talked to some people yesterday who are part of some very extensive discussions between blacks and white in Zimbabwe, not only in Salisbury and various other places there, but also in London, and they felt, and I would have to concede, that those discussions help reduce tension and help people understand the respective, though divergent, viewpoints. And so they affirm the acceptance of Mugabe, despite other reservations, because of that kind of groundwork. It has proved to be very important. And I just wonder whether or not you, as a prominent Afrikan, would know about any such discussions that might be going on where people would be trying to really lay the groundwork; No. 1, understand each other better, and No. 2, lay the groundwork for any kind of transitions that might take place in the future.

Mr. VISSER. Yes; such discussions have been going on and are still going on. The one that comes to mind immediately is a group of Nationalist members of Parliament who have conducted a series of meetings and exchanged their views with members of the movement of which Buthelezi is the head; it encompasses all population groups in South Africa.

Mr. DIGGS. There was one question I wanted to ask Mr. Wilkins, and he was out of the room. Your visit to the Transkei, as you know, on or about the time this area was under discussion and after it went into transition, there was a feeling among a large number of people that no one should go there; that that constituted some kind of recognition. And I wonder what you feel about that and whether or not you feel now, and does your visit now constitute, what you consider to be a change in what ought to be the attitude of people, or some people, not on the basis of accepting it but just going there for educational purposes.

Mr. WILKINS. Representative Diggs, my visit to Transkei was nonideological. I had determined, after I had spent a few days in the Republic of South Africa, that I wanted to write a number of pieces about the country. The more I talked to people, the more I listened to the Government, the more it seemed to me imperative for me to see one of the three independent homelands for myself in order to make a judgment about the veracity of the Government's claim that good, effective local government had, in fact, been established in these places. So that is why I went.

I guess that my own view—the visit did serve that purpose—my own view would be that it is not useful to condemn things about which you have limited information, when, in fact, that information can be available to you. I do not think that visit to those independent homelands constitutes recognition. Quite the contrary. I think that enlightened public opinion in this country can be informed by eyewitness reports, not simply by journalists but by public officials, other kinds of leaders of public opinion.

For that I would not urge boycotting such places.

Mr. DIGGS. Thank you.

Thank you, Mr. Chairman.

Mr. Solarz. Thank you, Mr. Diggs.

Mr. Gray has been waiting very patiently for both of us to finish our questioning, so I call upon him.

Mr. Gray. Thank you, Mr. Chairman.

Mr. Wilkins, I am delighted to see you. I am sorry I was not here to hear all of your testimony but I will read the record to find out specifically some of the points that you make.

I would like to ask you two questions, and perhaps you have already answered them. If so, if you would, just briefly respond to them.

Based on your conversations with people in South Africa, particularly black leaders in the urban areas, are they supportive of the homelands policy and are they prepared to become members of the homelands?

Mr. Wilkins. Quite the contrary. Before you came I referred to one Soweto resident who, under the Government policy, would be a citizen of Bophutatswana, and he said I won't even learn to pronounce the name of that place. I know other Soweto residents who, under the Government's policy, are citizens of these countries, and who refuse to apply for passports, even to go to conferences or to participate in events which they find very attractive out of the country because they do not want to travel on the homeland's passport. But I am not sure, from what Mr. Koornhof said to a group of us in December, that the Government has abandoned that policy. Koornhof, after all, is the Minister of Development, and in describing the constellation of States, the idea that the Prime Minister had just put forward, Koornhof clearly envisioned the continuation in some form of those homelands. He wasn't using the word. I found when I was there that the South African Government has this wonderful tendency to change words and try to make you think that some substantive change has occurred. So he says I don't like to use the word "homeland." What I'm talking about is good regional government, and that's what we're for, good regional government. And the extent that I understood it, I understood him to mean that any political participation that he envisaged for blacks would be through these black homelands, quasi-homeland entities. I did not hear him indicate that he had any other political notions for blacks than that.

Mr. Gray. Thank you.

Professor Rotberg, let me ask a question with regard to the homelands policy. Is there really any relationship between the central government and the homelands in terms of the homelands having the ability to make any real decisions about their life, about what goes on? What is the level of consultation and "sharing"?

Mr. Rotberg. There are two classes of homelands—the independent homelands and the dependent homelands. In the independent homelands, there is of course a large measure of de *facto* day-to-day control over everything that goes on within the borders of that particular locally independent homeland. But in those cases, in an independent homeland, the ultimate exercise of internal autonomy is conditioned by the fact that the money comes from South Africa. Eighty percent of the recurring budgets of all the homelands I'm speaking on average so in some cases it's higher and in other cases slightly lower are voted yearly by Parliament.

The homelands were not at local independence given the guarantee of a percentage of the Republic of South Africa's GNP. The Parliament of South Africa has during the recent recession in South Africa in fact scaled down homelands requests. Many of the homelands have been very hard pressed to meet their own internal obligations and to do any development.

In the dependent homelands, I think it is fair to say that there is a great deal of power exercised by the leaders of the dependent homeland governments, even in those areas which are still within South Africa. There has been no citizenship for Africans since 1927 in South Africa in the technical American sense, but there have been passports for Africans available, and there has been what's usually called "status," not citizenship as we understand it, but that is a rather obscure matter.

Mr. **Solarz.** Excuse me for a moment. If the gentleman would yield, I gather that the Africans within South Africa who have been assigned citizenship as it were in an independent homeland, are no longer eligible for South African passports in the way they would have been eligible for it before the homelands became independent, is that true?

Mr. **Rotberg.** That's absolutely correct. They're not eligible for the rights they did not have. Nor are they eligible for the rights that they did have.

Let me explain. Citizenship usually in international law deals with voting, obviously.

Mr. **Solarz.** What rights did they have previously that they now have lost, other than the right to South African passports?

Mr. **Rotberg.** That is the essential extinguishing that occurred on the taking of local independence by homelands, and it is very significant because it robbed people of their fundamental freedom—the right to have at least the possibility of traveling on the pasport of one's own country.

The practical impact is, as Mr. Wilkins has indicated, that many prominent black South Africans that have never lived in homelands are prevented from traveling to the United States, among other places, because they cannot obtain South African passports. They will not apply for a passport of an area that does not exist from their point of view.

I'm sorry, Mr. Gray.

Mr. **Gray.** That is a very important question because that was going to be my next question, so you inquired into one of the issues I wanted to address.

Mr. **Rotberg.** The extent of local power within their areas that leaders of independent homelands have should not be underestimated. Nearly all the homelands are ruled autocratically by their own elected leaders without much participatory democracy as we know it, and with with very little attention to tolerance of dissent.

Mr. **Gray.** Are those leaders selected and if they are selected, by whom?

Mr. **Rotberg.** I think it would be unfair to say that they were nominated by South Africa, if that's the implication. They are elected on the basis of local, ethnic, and political and interest group causes and I think in most cases those elections have corresponded in general to a popular will. I don't think that there has been much ballot rigging except in one infamous case fairly recently.

Mr. GRAY. How about in terms of our own system if they are elected? One of the things I was quite surprised about when I was in South Africa not too long ago was that the mayor of Soweto was elected, but I think that he was elected by something like 4 percent of the total electorate, and out of that he received the highest number of votes. But when you consider the total electorate, he was elected mayor "through a democratic election" by something less than 1 percent of the total vote potential.

Mr. ROTBERG. That's absolutely right. The Soweto situation, the urban situation in general is not a question of having any measure of autonomy to speak of within the municipal arena. That may come, but it is not available yet. So that the election you referred to was largely boycotted by politically active Africans, by some of the men and their supporters that Mr. Wilkins referred to in the homelands.

It should also be said that when I say they're elected usually by healthy participation, that is of those people living in the de facto areas. The South African system, as you know, also includes in homelands people living in the urban areas, and calls them de jure residents. But that is not welcomed by Africans and the voting participation of the homelands, residents living in the urban areas has been low. In the last Bophutatswana election the urban vote was 6 percent, showing disdain.

Mr. GRAY. To what do you attribute that?

Mr. ROTBERG. The disdain of the nation, that their theoretical area should be given any kind of independence which would deprive them of two things: one, their passports and the status qualifying them for passports; two, which would take the people with whom they are related, their kin, out of the South African situation and therefore destroy the kind of unified state that Africans overwhelmingly in the urban areas want.

Mr. GRAY. Are you saying yes, they are democratic elections but they do not seem to really reflect the will of the people and that the people are not really participating in those elections in any significant numbers?

Mr. ROTBERG. I'm not saying that. I'm saying that in the rural areas the will of the people is by and large reflected in the vote, even where there has not been much opposition.

Mr. GRAY. I think you used the figure 6 percent?

Mr. ROTBERG. No; that was in an urban area.

Mr. GRAY. How about the homelands?

Mr. ROTBERG. In Soweto the people by and large have not voted in homelands election. They do not consider themselves voting citizens of an area, that they themselves have not recognized because they're not living there.

Mr. GRAY. Have the homelands retained some of the racially discriminatory legislation?

Mr. ROTBERG. No; certainly not racially discriminatory legislation. The homelands that have obtained local independence have done away systematically with those laws of the Republic which mandate racial exclusion, All the other homelands are still part of the Republic are on still subject to the discriminatory laws of the Republic.

**Mr. Gray.** How far could the white leadership in South Africa go in accommodating black demands to share power? And is the main constraint on the white leadership their own or the deeply held racial attitudes of white citizens?

**Mr. Rotberg.** In my view—a view shared by many Afrikaners—is that the Afrikaner electorate and the white electorate in a broader sense is changing much faster than the government in office is aware. The government would be able to lead the electorate more effectively than many observers think.

Just a final point on this question. The way in which South Africa arranges its electoral system is very similar to some of the American States in the past. That is, there is an overrepresentation of rural areas. Many more whites live in the urban areas than before yet the votes of those people living in the urban areas—people possibly are somewhat more interested in change than the people living in the rural areas—are under valued.

**Mr. Gray.** Mr. Visser, I think you said in your testimony, if I remember my reading of it, that there are some black leaders in South Africa that see the recent reforms or changes as significant as "heart transplants."

**Mr. Visser.** That's right.

**Mr. Gray.** Who are they? Do you have any specific names?

**Mr. Visser.** The specific person who made that statement is Mrs. Lucy Myubelo. She's the general secretary of the National Union of Clothing Workers, which is the largest black union in South Africa, and freely elected by her members. She's the one who made that statement.

**Mr. Gray.** Who else? Anybody else other than that one?

**Mr. Visser.** Certainly Mr. Thebahili of Soweto has; generally speaking, all homeland leaders are very encouraged by the new atmosphere of change that has been introduced by the new prime minister. It's very important to remember that at one point the prime minister pointed out, you either have to adapt or die.

I think it takes tremendous political courage, seeing that his constituents are very conservative, to make a statement like that.

**Mr. Gray.** That depends on the viewpoint. In Zimbabwe, it doesn't take much courage.

**Mr. Visser.** We're talking about South Africa now.

**Mr. Gray.** In terms of your remark, the leader of the Government could make that statement for a variety of other reasons. That's one of the questions I'd like to ask you. Do you feel, and it deals with what I think about the whole South African issue, that the incremental approach of a change here, a change there, which often is used to try to draw similarities between South Africa and America, where we have had our problems, is really an approach that possibly won't work in South Africa? That approach may have been fairly successful to some extent in this country, but the major difference is that you are talking about a minority with regard to a majority, as opposed to this country where the issue is a majority in control of a minority.

Do you seriously believe that there can be a step-by-step approach, such as statements by the Prime Minister that "we are all South Africans in Soweto" and other similiar statements and other kinds of changes that will eventually lead to a fundamental distribution of power? Do you see that as a possibility? Do you see a real sharing of power and majority rule, one man, one vote in a democratic state?

Mr. VISSER. Mr. Gray, when you talk about one man, one vote, perhaps I should point out to you even in this country the question of one man, one vote does not have universal application. Yes; I do see a similar situation in South Africa. I do see a dramatic and drastic sort of realinement or reshaping of power within South Africa and sharing of power between all groups within South Africa. I do believe that we can do this on a step-by-step basis because we are charting a way that nobody else has ever done because of the diversity of our population.

Yes; we can do it. There is a tremendous amount of goodwill among the people in South Africa despite claims by certain people that there's a great polarization in South Africa. There's a tremendous amount of goodwill. You must remember we're in the same boat there, 25 million people. What happens to me as a white is going to happen to the blacks as well. We have got to live together and we've got to make the sacrifices and the compromises that will insure survival for us all in that country. I have no doubt in my mind that we as South Africans will not shirk that responsibility because it is our country and we are going to stay there.

Yes; I firmly believe that we can solve our problems and that we can show to the world that we can achieve in South Africa a society that may be very different from what you have in the United States but a society in which everybody will be able to exercise the greatest amount of freedom.

Mr. GRAY. Maybe I lost something in the translation. My question was, "Do you foresee with this approach a total sharing of power and the day of democratic institutions, of one man, one vote?" Yes, or no? I am well aware that you're all in the same boat and you're all in the same country.

Mr. VISSER. Mr. Gray, actually when one talks about one man, one vote as applied here in this country, the answer is no. There's a principle of group equality in South Africa and that group equality has worked very well in several other countries throughout the world and is accepted internationally in other countries. To give you an example, there's the question of the Cameroon, for example, where you have the French-speaking people and English-speaking people; the latter outnumbering the former 4 to 1.

Mr. GRAY. I don't understand the relationship of Cameroon to my question. I asked a very simple question. The question is do you envision the day, and this has nothing to do with whether we're perfect or not, of a sharing of power and of a democratic state where there would be one man, one vote? I don't see why the references to the United States. I feel I know the imperfections better than you do, sir. It's a simple question and I'm a little concerned about the obvious attempt to negate it and deal with other questions. If you don't want to deal with the question, just say so.

Mr. VISSER. No; I'm not evading the question but that is a very simplistic—I think that's one of the problems of South Africa, that everybody wants a simple answer, a clear-cut answer to the problems of

South Africa. As I explained to you, I do see an eventual sharing of power; I do see one man, one vote in South Africa.

Mr. **Gray.** Thank you. That's the answer that you could have said 15 minutes ago and you would have answered it.

Mr. **Visser.** That was implicit in my answer.

Mr. **Gray.** Mr. Chairman, I relinquish my time.

Mr. **Solarz.** Thank you very much, Mr. Gray.

Professor Rotberg, could you tell us what the population of the three independent homelands is and how many people there are in each of the respective tribal groupings who do not live in the homelands?

Mr. **Rotberg.** Yes; Mr. Chairman, I will try to do that. There are about 5 million Xhosa speakers in South Africa. Of those—and there has not been a census—we think about 2 million live in Transkei, under 1 million live in Ciskei, and the remainder in the urban areas.

Mr. **Solarz.** The majority of citizens of Transkei live outside the Transkei?

Mr. **Rotberg.** The Xhosa speakers are split between Transkei and the Ciskei. Fifty percent, at least, of the citizens of Transkei at any one time live outside, work outside. And I think the figure is larger because those people who are de facto residents are often not there because they have to leave to work. In Venda, where the population is 300,000 or 400,000, there is a greater proportion living inside than outside the homeland. In Bophutatswana there are hardly 30 percent of the total population of Bophutatswana actually residing and working in Bophutatswana.

Mr. **Solarz.** Do you have any indication whether the people who are citizens of these homelands that have already declared independence, wanted independence? Were there any polls taken, based on the commission, that the people in Transkei wanted independence? And Bophutatswana and Venda?

Mr. **Rotberg.** Our commission, Mr. Chairman, instituted the first public opinion poll on this question on a scientific basis that's ever been done in South Africa, which is one reason why it's so interesting. We did not poll people retrospectively so we don't have an answer from the survey to that question.

However, we do know from informal means, that there was no referendum in Bophutatswana and Transkei; there was a great deal of opposition within both homelands and the urban areas. We also know that the Government of Venda is not the government that was elected by the people of Venda in the popular vote. But the nominated members of the Venda Legislature voted for the party defeated at the polls, and that decision was supported by South Africa.

Mr. **Solarz.** You ask people, now, do you want homelands to be independent?

Mr. **Rotberg.** Eighty-five percent of people in the urban area said they did not want anything to do with independence of any kind.

Mr. **Solarz.** How about those who lived in Transkei?

Mr. **Rotberg.** Ciskei?

Mr. **Solarz.** You just told us Ciskei?

Mr. **Rotberg.** Xhosa speakers in the urban areas and in Ciskei but not the Transkei. I don't know what the people in Transkei feel. Of the people resident in the Ciskei, 60 percent did not want independence. We also had a whole series of other answers that implied that 64 percent or more did not want independence as presently constituted.

Mr. SOLARZ. Did you present the results of this survey for the record?

Mr. ROTBERG. Have I?

Mr. SOLARZ. Can you?

Mr. ROTBERG. Yes; it should be. It's an appendix to the report that the committee has. If it's not, if it were not included with the report, yes.

Mr. SOLARZ. That will be included in the record at this point.

[The report referred to follows:]

## CISKEI COMMISSION REPORT, APPENDIX 12, BLACK ATTITUDE SURVEY
## FEBRUARY 1980

### Chapter 1
### INTRODUCTION

**Popular attitudes among Africans and the policy of separate development**

The central theme of this analysis is the issue of the political future of one of the African homelands of South Africa, the Ciskei. The homelands policy - the central tenet of the policy of separate development, evolved from an early emphasis on semi-permanent guardianship over the semi-autonomous homeland areas to a policy in which great emphasis has been placed on early independence. Three homeland areas, the Transkei, Boputhatswana and currently Venda have been given such independence.

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1. Theodor Hanf and others, Suedafrika: Friedlicher Wandel?, Kaiser-Grunewald, 1978.

In very recent months, however, there may again have been a shift in emphasis in the policy. Firstly, members of the South African Cabinet have indicated that some other form of autonomy or semi-autonomy other than complete independence could be considered. Secondly, the Prime Minister has spoken several times of a "constellation of states" in southern Africa. At this stage it is not clear whether the links in the constellation are to be those of international treaties, or a confederal or a federal system. Even from the National Party government side, then, it would seem that a homeland area might have some options. This analysis, however, will go beyond the constraints of the options granted by the present South African government, and explore other possibilities for the political future of the Ciskei people as well.

Apart from some staunch supporters of the National Party government, few observers of the political scene would assume that any significant support for the policy of separate development exists among black people who live permanently outside of the homeland territories. Objective evidence and research, however, tends to leave this question unresolved. This author in 1972, for example, found that a substantial proportion of Zulu-speakers living permanently in Durban townships identified strongly with rural or "homeland" areas. The detailed analysis of responses in that study, however, revealed that often the reaction against the urban area was based not so much on political conviction as on the experience of the social costs of living in poor circumstances in a white-dominated environment.[1] Mayer encountered essentially similar patterns among Xhosa respondents.[2]

More recently Moller and Schlemmer have found rather more intrinsic attachments to rural homeland areas among migrant-workers with long average experience of city life and work. There again, however, the pattern of responses was associated with the extent to which migrants still had "investments" of various kinds (land, cattle, etc) in rural areas and did not reflect generalised political convictions.[3] Most of the rather limited political research has revealed a preference for a unified South Africa and a universal franchise, certainly among urban Africans.[4]

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[1] L. Schlemmer, "City or rural 'homeland'?: A study of patterns of identification among Africans in South Africa's divided society", Social Forces, 51(2) (1972) 154-64.

[2] P. Mayer, "Urban Africans and the Bantustans", in H. Lever, (Ed.), Readings in South African society, Jonathan Ball, 1978, 115-22.

[3] Valerie Moller and Lawrence Schlemmer, "Alternatives to urbanisation: The preferences and orientation of migrant workers in a South African city", Paper presented at the Workshop on Rural Development held by the Urban Foundation, Durban, 10 August 1979.

[4] See Survey of Research in H. Lever, op. cit., 195-9.

Lever reports that the research firm Markinor established that a clear majority of Africans within the homelands approved of the homeland policy, on the grounds of some form of black separatism, the privilege of owning land and houses, the opportunity to raise cattle and farm and the desire to preserve traditions.[1] In this study no attempt appears to have been made to establish whether or not the reaction of respondents was due largely to intrinsic appreciation of the benefits of the policy or to a reaction against discrimination in the urban areas.

The very thorough study by the Arnold Bergstraesser Institut team under Hanf established that among the echelons of urban African leadership, rejection of the homeland policy was clearly the majority opinion. When rank-and-file urban Africans in Soweto, Pretoria townships and Durban townships were asked: "...which of the following plans would Africans who live and work around you - Africans like yourself - be happy to accept?", the following proportions of the total sample were willing to accept:

> "... Independent states bigger and richer than the present Homelands, and including some industrial areas": 54 per cent
>
> "South Africa ... divided into two halves, one half for Blacks and the other half for Whites, that is Blacks ruled by Blacks and Whites ruled by Whites": 22 per cent
>
> "South Africa ... divided, but the Blacks would get the bigger part and the Whites the smaller": 30 per cent
>
> "... Blacks should be the strongest in the main government but Whites should be allowed to run their own affairs in their own areas": 32 per cent
>
> "... There should be Black provinces where Blacks vote for their leaders and White provinces where Whites vote for their leaders and Black and White leaders should have equal power in the main South African government": 47 per cent
>
> "South Africa should be one country for Blacks and Whites together but only those with decent jobs and better education should be allowed to vote": 21 per cent
>
> "South Africa should be one place for all people ... Blacks and Whites, rich and poor, educated and illiterate should be allowed to vote": 83 per cent.[2]

I have quoted these results in detail because of all previous research they bear most closely upon the topic of the present investigation.

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[1] H. Lever, op. cit., 198.

[2] Theodor Hanf, op. cit., 360-8.

They show, not surprisingly, that the universal franchise, unitary state option is most popular, but surprisingly for this author, suggest that a federal dispensation and a policy of independence for enlarged homelands are favoured above partition, a white homeland policy and a qualified franchise. My own view is that the enlarged homeland option gained some advantage from the "better the devil you know than the devil you don't" principle, but nevertheless appeared to be within the range of options that a majority of rank-and-file blacks would be prepared to consider seriously as a compromise if the political ideal were not available. Clearly, however, urban blacks espouse the liberal open-democracy principle as a political value; a principle long propagated by most of the black intelligentsia and by the African National Congress since before Union. The Bergstraesser findings are interesting, however, because they represent an attempt to probe for more than ideal preferences, and in so doing, introduce a flavour of "realpolitik" which is very helpful in making a balanced analysis of available options in a deeply divided society. The present investigation is an attempt to take this approach further, specifically in regard to the future of the Ciskei.

The political behaviour of different groups of Africans also leaves open some important questions in regard to the support for the homelands policy. Within the Transkei electorate, popular support for the Matanzima Government increased at every election until in 1976 it held 71 out of the 75 elected seats (although some opposition candidates withdrew claiming intimidation and the polling percentages were not high [about 44 per cent]). The government could eventually take independence claiming that it had a comfortable mandate from the Transkeian citizens. In Boputhatswana the opposition party failed to attract a majority of voters away from the government of Chief Mangope, who eventually accepted independence having won 39 out of the 43 elected seats in the 1977 elections. Africans on the opposition side claimed that official harassment by chiefs and the fact that so many urban Tswanas opposed to independence boycotted the elections and were indifferent to the whole issue of homeland politics made it impossible for them to express the views of the majority of Tswanas in regard to independence. A rough calculation suggests that the proportion of Tswanas voting in 1977 was slightly less than 20 per cent. In Venda support for the governing party of Chief Mphephu has been much more tenuous and the opposition won 31 out of 42 elected seats in the 1978 elections in a 52 per cent poll. The opposition party was generally neutral on the issue of independence so the election was not conclusive on the independence issue. Subsequently there have been numerous detentions of members of the opposition in Vendaland and it is well-nigh impossible to claim that the governing party has majority popular support.

In general terms, the question of whether or not Africans support the policy of homeland independence cannot be resolved without further research. The available research and electoral evidence allows two quite different cases to be made, depending on the kind of assumptions which are made about the stay-away vote in homeland elections and whether or not ideal preferences or "realistic" assessments of political opportunities form the basis of the research questions. One thing is certain and that is that the autonomy already granted to homelands and resulting separate administrative structures have created a substantial and influential class of homeland civil servants who would probably benefit if greater independence were to be sought. No research hitherto has attempted to explore these questions systematically and it was very largely with this intention that this study was undertaken.

## The study

After discussions with members of the Ciskei Commission, and after receiving written suggestions of questions to be included in the sample, the author designed an interview schedule. Then members of the commission perused the schedule, certain suggested modifications were incorporated and the schedule was pretested on one dozen people on the Witwatersrand. Thereafter it had to be shortened and streamlined in various ways to bring it within a time-limit of one-and-a-quarter hours for each interview, which was assessed to be a limit beyond which severe respondent fatigue would affect the quality of responses seriously. Considerations of cost also entered into the decision to reduce interview length and avoid double-session interviewing. The interview schedule is reproduced in Appendix I.

Interviews were conducted in homes or at work by highly experienced and trained permanent African members of the IMSA staff. Each interview was checked as it was completed and a random 20 per cent back-check on all interviews was conducted to ensure honesty.

As regards sample coverage the intention was to canvass attitudes and opinions among Africans living in the Ciskei, those living in areas closely abutting the Ciskei in the Eastern Cape, and people formally associated with the Ciskei living and working permanently in major cities, at a distance from the Ciskei (by "associated" here one simply means those people who in terms of the ethnic categories employed by the South African Government would be members of the Ciskei-Xhosa-speaking ethnic group). A group of migrant workers from the Ciskei, living and working in Cape Town and Johannesburg was also included. The sizes of subsamples were not determined by the actual distribution of the population but by the minima in each area required for fairly reliable generalisations (in any event the distribution of the population was not known at the time of the commencement of interviewing).

Due to the fact that no universe of Ciskei Xhosa can be identified outside of the Ciskei itself, random sampling would have been an impossibly tedious procedure – a much larger initial sample would have had to be drawn and all non-Ciskei Xhosa eliminated. Consequently, a "quota" sampling technique was used. This involves a deliberate selection of respondents on the basis of certain fixed criteria (or "quota controls"). The quota controls ensure that samples are representative of the spread of major social characteristics among the population. The quota controls employed were sex, age, socio-economic group, area of residence and migrant worker status or otherwise. The controls were interrelated. In each area, therefore, an interviewer would set out to find, say, a respondent who was male, between 16 and 24 years of age, of lower-middle status, living in Soweto and employed permanently on the Witwatersrand. It is usually found that when as many as four of five interrelated quota controls are used, the difficulty of finding respondents who meet the requirements is such that little opportunity exists for deliberate selection of respondents according to personal preferences of interviewers. One may assume, therefore, that the sample approximates to that of a stratified (controlled) random probability sample.

The greatest difficulty was encountered in identifying respondents who were Xhosa-speaking but who were not affiliated to the larger Xhosa group; the Transkeians or those formally associated with the Transkei. This also reduced the possibility of interviewer selectivity on personal or political grounds.

The overall sample size was 700, spread across the following areas: Johannesburg, the Witwatersrand, Cape Town, Port Elizabeth, Uitenhage, East London, Mdantsane, Zwelitsha (urban and rural), Peddie (urban and rural), Middledrift (urban and rural), Adelaide (urban and rural), Fort Beaufort (urban and rural),[1] Stutterheim, King William's Town, and Queenstown. In combined categories of area of residence, the subsample sizes were the following:

Johannesburg, Reef, Western Cape, 100 (referred to in the tables as "City Xhosa")

Port Elizabeth, East London and Eastern Cape, 218 (referred to in the tables as "Eastern Cape Xhosa")

Ciskei urban, including Mdantsane, 199 (referred to in the tables as "Ciskei Urban")

Ciskei rural, 100 (referred to in the tables as "Ciskei Rural")

Migrant workers in Johannesburg, Cape Town and Eastern Cape, 83

In Table 1 in Appendix II, fuller details of the characteristics of the sample are provided.

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1. In fact, the rural Ciskei interviews were conducted en route between the five small towns mentioned, and therefore included deep rural interviews.

Essentially the same methodology was used in the comparative studies conducted among Pedi and Zulu-speaking people in Soweto, with the area control obviously falling away. The schedule used and the interviewing procedures were identical. The sample size was 75 for each group.

Factors of cost and time constraints have limited this study in some ways, particularly in regard to sample size. Furthermore, the topic, being one surrounded by political controversy, created caution among some respondents. Interviewers were able to overcome fear and resistance in the vast majority of cases and the results can be taken as valid. This, of course, is a claim which is impossible to substantiate. A perusal of the tabulated results themselves should reassure readers who are sceptical - these results are evidence of remarkably forthright replies and the fact that the results form consistent trends and patterns (as the later analysis will reveal) is not consistent with dishonesty or evasiveness in responses.

The analysis which follows will commence with the discussion of results relating to the major theme of the study; that of the perceived implications of independence for the Ciskei. Thereafter the report will broaden in focus to deal with various aspects of the "political culture" and values of respondents - as they bear upon political preferences. Finally the study will attempt to draw together all results in interpreting the political orientations of the people interviewed in the light of certain aspects of the structures, dynamics and history of South Africa.

Finally, before proceeding to the analysis, an important technical consideration must be emphasised. The total sample of 700 Xhosa-speakers is not a balanced sample of the universe, as is apparent from the sampling design. It is a non-proportional cross-section of that universe.

Subsequently, estimates of the population distribution prepared by the Ciskei Commission were made available to the author and these formed the basis for weighting the results for the total groups where these appear in the text. The population estimates are subject to an unknown degree of error, however, and therefore the results given for the total group are subject to this measure of uncertainty. The effect on the percentages is likely to be very slight, however - definitely not of a magnitude which is likely to affect the conclusions in any way.

Statistical tests have not been performed on the data since a "quota" sample does not conform to the assumptions underlying the use of available tests. The author has no doubt, however, that the sample is at least as precise as a simple random sample of the same size. Accordingly, the estimated standard error of percentages applicable to random samples has been borne in mind in the analysis of the results.

Chapter 2

## CISKEI INDEPENDENCE: THE WAY IT IS PERCEIVED, REASONS FOR THESE PERCEPTIONS AND REACTIONS TO ALTERNATIVE DISPENSATIONS

### Reactions to the current autonomy of the Ciskei

Notions about the implications of independence for homelands must rest in substantial measure on the current situation of the non-independent homelands and how this situation affects or impresses the African groups for which the homeland serves as a formal political dispensation.

Respondents were asked "The Ciskei is now a homeland with its own government making decisions about many but not all of its internal affairs. What has this meant to you personally in your life?" (See Q.24, Appendix I.) An almost overwhelming consensus (91 per cent) that autonomy is "meaningless" or "meant nothing" is reflected in the results (Table 2, Appendix II).[1] Only among people living in urban areas in the Ciskei and among migrant workers outside the Ciskei does the pattern change meaningfully; among both groups the proportion giving the typical responses drops to 80 per cent. Overall only some 4 per cent of respondents gave positive comments about Ciskei autonomy; marginally more among Ciskei urban-dwellers and migrants (10 per cent and 7 per cent). Five per cent gave clearly negative views - here again slightly more Ciskei urbanites and migrants gave negative views (namely 11 per cent and 13 per cent). Among the Soweto Pedi and Zulu-speakers, as many as 97 and 99 per cent respectively gave the reply that homeland autonomy was meaningless to them. Clearly then, for rank-and-file blacks, homeland autonomy as such (as opposed to separate development in all its aspects) is not seen as altering the pattern or quality of political, economic or social life nor is it serving as any particular enticement to support independence. The results make it clear that the Ciskeians are not alone in this view and even in homeland urban areas where some development has occurred, no more than one-fifth of adults mention any positive or negative effect in their lives.

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[1] As mentioned in the previous chapter, results for the total sample in appendix tables are unweighted according to area. Differences between weighted and unweighted results are so small as to be negligible, however. Tables in the text are weighted.

## Reactions to the hypothetical prospect of independence

Respondents were asked "What would it mean in your life if the Ciskei were to become independent soon?" (Q.23, Appendix I). In the spontaneous replies to this question, the picture changes and more differentiation in the pattern of results appear. While some 36 per cent[1] of all respondents react positively to the possibility, the proportion among Transvaal and Western Cape urban dwellers ("City Xhosa") is only 19 per cent. A clear majority of 5 per cent is opposed; 62 per cent among Transvaal, and Western Cape city dwellers. The most favourable responses come from older people, Ciskei urban dwellers, people of lower socio-economic status and those owning houses or cattle in the Ciskei, but even in these groups the proportion supporting the idea only slightly exceeds 40 per cent. (See Table 3, Appendix II.) The results among Zulu and Pedi in Johannesburg are not substantially different from those of the total Xhosa sample, with 33 and 39 per cent responding positively to the prospects of independence in their homelands. It is important to note that these proportions are much higher than the proportion among the equivalent group of City Xhosa, namely 13 per cent.

Motives for supporting independence by and large do not reflect what one might call intrinsic desires for self-determination and autonomy. Among the Xhosa virtually all reasons for supporting independence were either broadly that of escaping the effects of discrimination and apartheid or were strictly materialistic - negative and not positive "liberation". (See Table 3 in Appendix II.)

When the respondents were asked to assign a points-rating to a range of "values", which included a common franchise with whites and political independence for the Ciskei, the former value received an average rating of 8,0 while independence was given 5,9 on average. (See Q.8, Appendix I.) (See Table 4 in Appendix II). As one would expect the divergence was more marked among Transvaal and Western Cape urban dwellers: 8,4 versus 3,9. Zulu and Pedi are somewhat more positive in their ratings of independence; the respective ratings were 4,9 and 5,3 versus the 3,9 for Transvaal and Western Cape City Xhosa.

Another test, somewhat more indirect in form, can be found in the results of Questions 10, 11 and 13 in Appendix I: an item in which people had to select a diagram of a face and description out of five representing degrees of life satisfaction: "very happy", "just happy but not very happy", "not happy or unhappy", "unhappy" and "angry and impatient".

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[1] Weighting by estimated population distribution makes no difference to this estimate.

(Scores assigned move from five for very happy to one for angry.) A selection was, inter alia, made for feelings about "life in South Africa now", "life 10 years from now", and "life in an independent Ciskei 10 years from now".[1] In Table I the average ratings are given for different groups.

Table I. Mean ratings of life satisfaction among different groups based on a selection from among faces with matched statements depicting degrees of happiness from "very happy"(Score 5) to "angry and impatient" (Score 1)

| Mean ratings for: | Soweto | | | E.Cape | Ciskei | | Migrants | All |
|---|---|---|---|---|---|---|---|---|
| | Zulu | Pedi | City Xhosa | Xhosa | Urban | Rural | | Xhosa |
| Life in S.A. now | 1,9 | 2,7 | 1,9 | 2,3 | 2,7 | 2,9 | 1,9 | 2,5 |
| Life in S.A. in 10 years | 3,0 | 3,6 | 3,1 | 3,0 | 3,6 | 3,6 | 3,1 | 3,3 |
| In independent homeland in 10 years | 3,3 | 3,6 | 2,5 | 3,1 | 3,4 | 3,2 | 3,0 | 3,1 |
| S.A. political situation now | 1,7 | 2,3 | 1,8 | 2,0 | 2,5 | 2,5 | 2,0 | 2,2 |
| n = | 75 | 75 | 100 | 218 | 199 | 100 | 83 | 700 |

These results have the advantage that they are not based quite as much on direct questioning as the previously mentioned findings relating to homeland independence. Nevertheless, the patterning of results across the groups of Zulu, Pedi and the Xhosa groups are remarkably consistent with other findings. It would mean that the perceived broad quality of the political dispensation in an independent homeland constitutes a distinct improvement on the perceptions of the present, but represents for all groups no real gain over the prospects perceived in South Africa itself at the end of the decade. Both possibilities, in terms of average ratings, have the subjective implication of a roughly one-point improvement in a "subjective scale" of 5 points. (It must be emphasised that subjective scales cannot be given fixed number values, but the broad order of magnitude is to some extent informative.) The Transvaal and Western Cape Xhosa, with a mean rating of 2,5 for life in the homeland 10 years from now, reflect less optimistic views than their Zulu and Pedi urban counterparts.

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[1] These results and related findings will be discussed more fully in a later section.

More concretely, respondents indicated whether or not they would apply for a passport if the Ciskei became independent or vote in Ciskei elections or do neither. The results as presented in Table 5 of Appendix II should be read as indicating that virtually all those who would apply for a passport would vote: the proportion prepared to vote being higher than the proportion prepared to apply for passports and hence relinquish South African citizenship.

As a rough test of desire for exclusive Ciskei citizenship, the results on the passport item show that generally fewer than one-third of Ciskei Xhosa wish to forego their South African documents. The proportion is as low as 14 per cent in the Johannesburg/Western Cape area, rising to the highest level of 36 per cent among those in urban Ciskeian areas. The Zulu respondents in Soweto are significantly more positive on the issue of the acceptance of the homeland passport: 24 per cent versus 14 per cent for the City Xhosa, but Pedi are even more resistant than the Xhosa with only 11 per cent indicating an interest in having a Lebowa passport. The more favourable Zulu results are probably to be understood in terms of the fact that the Zulu homeland has declared itself unequivocally opposed to independence and the Kwazulu passport has been offered by Chief Buthelezi to all Africans as a guarantee against the formal alienation of citizenship rights. (It needs to be mentioned that the more positive attitude among Zulu is mainly due to the responses obtained from women respondents.)

Some 42 per cent of all Xhosa interviewed would neither apply for a passport or vote in homeland elections. There is considerable variation by area with 64 per cent of the City Xhosa eschewing all participation, but 40 and 43 per cent respectively in the Eastern Cape and urban Ciskei, and a minority of just over a quarter (27 per cent) among rural Xhosa taking the same position of rejecting participation. People of 50 years and older, as expected from previous results, are most interested in formal particiaption in homeland affairs as a citizen. The Zulu-speakers in Soweto are much less inclined to reject both forms of participation than City Xhosa (44 per cent versus 64 per cent) but the Pedi conform more to the Xhosa pattern with 59 per cent taking this position.

Broadly, then, one may conclude that while a majority of Ciskei Xhosa outside the Transvaal and Cape city townships at least would either vote in elections or take citizenship of the Ciskei, only a minority of Ciskei Xhosa anywhere, even in the Ciskei itself, support the idea of independence under circumstances prevailing at the present time. It is also important to note that the resistance to independence among city Xhosa is greater than among equivalent groups of Zulu and Pedi-speaking urban dwellers. Why this reaction should be there is apparent from the results of more than one survey question.

In Table 3 of Appendix II a majority among those reacting negatively to independence are seen to be thinking of the availability of employment in an independent Ciskei, and a substantial proportion refer to restrictions on their right to work in South Africa. Some 10 per cent reject independence for reasons which may be described as a negative evaluation of political (as opposed to economic) consequences, and the remaining reasons are mainly practical. As said before, the results in this table show that those who desire independence do so mainly because they see it offering some escape from apartheid and discrimination.

Respondents were also asked to indicate how they thought the independence of the Transkei and Bophuthatswana had affected the relevant people's lives (Q.27, Appendix I). In Table 6 of Appendix II we note that some 23 per cent of all respondents thought that the effects had been positive, 44 per cent saw these effects as negative, 8 per cent saw no change and 25 per cent felt they did not know what the effects had been. Some variation according to area is apparent: only 16 per cent of City Xhosa and 15 per cent of migrant workers felt that the effects of independence had been positive, compared with 24 per cent among those in the urban Ciskei.

Among the reasons for assessing the independence of these two territories positively, economic opportunity, education and freedom from discrimination feature prominently. The reasons for assessing the independence of the territories negatively reflect considerable awareness of conditions in the Transkei. The heavy taxation was the most prominent reason, particularly among migrant workers. Other reasons are the expected ones of lack of employment opportunity, restrictions on freedom of movement, loss of South African citizenship, high prices and a range of practical and materialistic concerns. Obviously, the independence that has been granted is not acting as any meaningful encouragement for Ciskeians to want their territory to opt for independence, and the basic reasons are grounded in practical realities. Independence without sufficient economic viability to offer the people material advantages rather than increased material costs is clearly unconvincing. The Ciskeians are not alone in this judgment. Compared with the 16 per cent of city Xhosa who see the effects of Transkeian and Bophuthatswana independence in positive terms, only 8 per cent of urban Zulu and urban Pedi reflect the same view, hence emerging as even more sceptical of the rewards of such independence. The reasons for the negative image of independence are much the same as for the Xhosa sample, except that the Zulu and Pedi are generally unaware of the increased taxation in the Transkei, and some 5 per cent of the Pedi reacted against a return to 'traditionalism' which they saw as being implied by independence.

A very interesting additional reason for the reaction to independence, possibly of some considerable power, emerges obliquely from the results of a question in which various alternative political futures were spelt out to respondents, and they were asked to indicate whether or not they "would be willing to accept" each one as "worthwhile the way matters seem at the moment" (Q.18, Appendix I). In Table II on page 194 we note that over 70 per cent of the Xhosa, (50 per cent among City Xhosa, 76 per cent among Eastern Cape Xhosa, 77 per cent among Ciskei urban Xhosa, 69 per cent among rural Ciskeians and 64 per cent among migrants) say that they would be willing to accept: "Africans to have rights and a future in homelands like the Ciskei but governing themselves completely". Here the independent homeland concept gains much more acceptance than it does in the responses to open-ended questions. Part of the reason lies in the very positive phrasing of the question - "... rights and a future ..." but part of the reason may also possibly lie in the notion of complete autonomy - "... governing themselves completely". Even among urban Zulu and urban Pedi, this possibility evoked a much more positive reaction to the homeland idea than other items - 55 per cent of the Zulu and 69 per cent of the Pedi declared themselves willing to accept a homeland future with complete self-government.

These rather aberrant results may indicate that the independence of the Transkei, Bophuthatswana and by implication that of any of the other homelands under the present dispensation is seen as a white-imposed arrangement with Pretoria dictating circumstances to a great degree. Somehow, the notion of "complete self-government" carries with it the belief for quite a substantial proportion of blacks that an autonomous legitimate black government of the homeland could do a great deal to improve the lot of its citizens.

Some of this type of reasoning emerges from the results of Question 22 (Appendix I) in which respondents were asked to indicate the difference between the Transkei now it is independent and an "African country like Lesotho". Despite the objective facts of Lesotho's poverty and economic dependence, only some 30 per cent of the Xhosa sample stated that there was no difference (24 per cent among city Xhosa, 29 per cent among urban Zulu, 38 per cent among urban Pedi, 28 per cent among Eastern Cape Xhosa, 40 per cent among urban Ciskeians, 20 per cent among rural Ciskeians and 34 per cent among migrant workers). Some 33 per cent did not know whether differences existed or not (but only 8 per cent among City Xhosa). The dominant reasons among the remainder of the sample which perceived some difference were that Lesotho is recognised by the world and a member of the United Nations, that Lesotho has sovereign or "true" independence (many added that the Transkei independence was superficial) and thatTranskei is economically weak or unable to provide jobs (a fact which is equally true of Lesotho but apparently not really recognised by many respondents). Hence the interpretation suggested by this is that for many blacks, somehow true independence and world recognition add up to meaningful rewards for the citizen of such independent states. While this is manifestly not true of Lesotho, the fact that so many of our respondents believe it is what counts.

Further evidence of the possible fact that homeland independence is somehow likely to be Pretoria-controlled and hence relatively unrewarding is seen in the result of a question on homeland leaders. Respondents were asked to indicate whether or not Chief Sebe (Chief Buthelezi and Dr Phatudi for the comparative samples of Zulu and Pedi) is "a man who is controlled by the South African government". Answers in the affirmative came from some 84 per cent of all Xhosa, 91 per cent of City Xhosa, 76 per cent of Soweto Zulu (cf Buthelezi), 64 per cent of urban Pedi (cf Phatudi), 83 per cent of Eastern Cape Xhosa, 80 per cent of rural Ciskeians and 87 per cent of migrant workers. Bearing in mind the at times very critical posture of these leaders vis-a-vis the South African government and apartheid generally, these findings are remarkable. While many other results yet to be discussed indicate that these perceptions do not necessarily damn these leaders in the eyes of blacks (their role is seen as very positive indeed in many respects and some are seen as struggling to free themselves of Pretoria control, albeit unsuccessfully) the South African government (this author would suggest perhaps more specifically the old Department of Bantu Administration and Development) has projected such an image of control and authority that the homeland leaders and any future independence under them are seen, willy-nilly, as trapped in the "Bantu Administrationand Development" mould, with all sorts of severe material consequences for the subjects of the states involved. This of course, is not surprising when, to give just two examples, (Bantu) Administration Boards are so very visible in controlling the access to urban employment of hundreds of thousands of homeland commuters, irrespective of whether or not the commuters are from independent homelands or not, and homeland leaders until very recently in a few instances, have been generally unable to stop resettlement into their areas of supposed jurisdiction. Homeland independence is not seen by a majority as a development which liberates from conditions inimical to the material welfare of blacks. At best, for a substantial minority, it offers refuge from some of the effects of discrimination in the wider common society.

## Reactions to alternatives to homeland independence as currently conceived

We have already considered one alternative to homeland independence, that of what our respondents see as a dispensation closer to "true" independence, and it is clear that the willingness to accept increases dramatically if the notion of a "Pretoria-run independence" is dispelled. What of other alternatives? Here again we consider the results of Question 18 in Appendix I: "Which of the following plans would you be prepared to accept as worthwhile, the way matters seem at the moment?" The alternatives presented and the results appear in Table II.

These results are complex and deserve careful scrutiny, since they bring to light certain hidden values. Firstly, the notion of "one-man one-vote" in a unitary state clearly has pride of place in the preferences of Africans all over South Africa. This for decades has been the goal of the ANC and of the black intelligentsia - it is the eminently "respectable" solution espoused by exile groups, much of world opinion and implicit in the message in the gospel of the unity of mankind as interpreted by most present-day Christian spokesmen.

In terms of what people are realistically willing to accept, however, certain other alternatives are not far short of the ideal and for some groups are equally attractive. For the rural and urban Ciskeian residents, the Eastern Cape Xhosa and migrant workers from the Ciskei, enlarged, economically viable and independent (one presumes "truly" independent) homelands are equally as attractive as one-man one-vote. For the urban Pedi as well, this is an overwhelmingly attractive solution and only slightly less so for urban Zulu. For urban Zulu the idea of a homeland covering virtually all of Natal is even more pleasing.

For all Xhosa except the "city people" three-way "consociational" rule by homeland leaders, elected leaders and whites almost attains the popularity of the larger homeland and one man-one vote options. For the urban Zulu as well this is a very acceptable alternative.

Consociational rule involving only homeland and white leaders is fairly highly acceptable for all Xhosa except those in the big cities, as it is for urban Zulu. Other acceptable solutions follow this in popularity but all obtain majority endorsement as acceptable.

Interesting "values" that emerge are that for everyone except the big city Xhosa, excluding homeland leaders from any second-best option loses that option some support. This is particularly true of Zulu and Pedi among whom the homeland leadership, despite all constraints, is valued highly. The notion of slightly enlarged mergers between homelands also reduces the popularity of options - in fact one gathers that unity with the Transkei is the least acceptable option for Xhosa respondents.

**Table II. Proportions of respondents in different groups willing to accept under present circumstances, various political alternatives**

| **Suggested dispensation** | **Proportions willing to accept dispensation** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **All Xhosa** | **Mi-grant work-ers** | **Ciskei Rural** | **Ciskei Urban** | **East-ern Cape Xhosa** | **City Xhosa** | **Soweto Zulu** | **Soweto Pedi** |
| | **%** | **%** | **%** | **%** | **%** | **%** | **%** | **%** |
| **"Rights and future in homelands governing themselves completely"** | **71** | **64** | **69** | **77** | **76** | **50** | **55** | **69** |
| **"African homelands governing themselves but with more land, towns, factories"** | **88** | **90** | **89** | **91** | **90** | **70** | **76** | **83** |
| **"Homelands joining others in federation to make them stronger"** | **75** | **60** | **75** | **74** | **78** | **70** | **67** | **83** |
| **"Ciskei, Transkei and land inbetween to make large Xhosa nation"** | **69** | **63** | **65** | **70** | **73** | **60** | | |
| **"(Kwazulu and land from Durban to Newcastle to make large Zulu country)"** | | | | | | | **(79)** | |
| **"(Lebowa, Gazankulu and land between making one large African nation)"** | | | | | | | | **(64)** |
| **"No independence but homeland leaders and white government making laws together"** | **76** | **78** | **76** | **79** | **78** | **62** | **73** | **53** |
| **"Homeland leaders, elected urban leaders and white government all equal say in decisions"** | **84** | **87** | **84** | **86** | **84** | **73** | **85** | **79** |
| **"Elected African leaders and white leaders in equal numbers but no homeland leaders"** | **71** | **75** | **66** | **70** | **73** | **78** | **60** | **59** |
| **"All whites and blacks voting together for anyone they like for one single multi-racial government"** | **90** | **88** | **89** | **88** | **92** | **94** | **92** | **97** |
| **n =** | **700** | **83** | **100** | **199** | **218** | **100** | **75** | **75*** |

**ese sample sizes apply to all ensuing tables.**

The results suggest that for all except the highly modern and politicised City Xhosa, the field of political options is fairly wide-open for negotiation, provided that the present-day homeland status is not included as an option. The City Xhosa obviously put a premium on the principle of freely elected black leaders. The urban Zulu and the urban Pedi also like this principle but not at the cost of the current homeland leaders. Clearly attitudes to political options for the future are not monolithic among blacks, and the various "political orthodoxies" which tend to be imposed on blacks by politicians, both black and white, appear to be over-simplifications as far as rank-and-file attitudes are concerned (although the various political leaders no doubt can defend their assertions in other terms).

It also seems evident from the preceding analysis that the present homeland dispensation, with or without independence, has an image among most blacks which all but destroys its acceptability as an alternative for the future in their eyes. It is quite apparent that the acceptance approaches a meaningful level (but short of a majority) only among populations in the urban Ciskei, where, presumably, many of the black civil servants and small businessmen live for whom self-government holds certain advantages. Some roughly 5 per cent of the Ciskei Xhosa respondents identified this factor when they said that the independence of the Transkei and Bophuthatswana had benefited only the rich. (See Table 6 in Appendix II and Q.27, Appendix I.)

The policy of separate development has no doubt acquired a great deal of its reputation through being the focus of acrimonious party-political debate at public level in South Africa. However, the extent to which the policy of homeland development has been used by the South African authorities inter alia as a basis for defending the denial of rights in the common area, as an administrative framework within which labour supply and migration could be controlled and as a rationale for decisions to relocate people of long-standing residence in "black-spots", etc; i.e. its negative use as a means of maintaining political control, also seems to have all but destroyed its credibility as a policy for the rank-and-file black.

Can separate development be saved in the eyes of the black populations? What modifications to the policy are likely to make it genuinely acceptable to rank-and-file Africans? We have already seen that the notion seems to exist that if complete freedom from the dictates of Pretoria and international recognition were achieved the homeland dispensation could be transformed into a policy matching the perceived interests of a majority of Ciskei Xhosa. (This is obviously a misperception and the problem will be raised in due course.) What other changes make the policy seem viable in the eyes of blacks?

After the respondents had been allowed full scope to consider the merits and demerits of homeland independence, had been stimulated to think about alternative political arrangements, they were asked the question: "Some things may make the independence of homelands more attractive. Thinking of the Ciskei, is there anything that would make you willing to accept independence as a good thing?" (Q.26a, Appendix I). The results of this open-ended probe appear in Table 7 of Appendix II.

Some 35 per cent of all Xhosa indicate that there are things which would make independence acceptable. This is in fact no higher than the proportion giving positive responses to the earlier question on independence for the Ciskei. (See Q.25 and Table 3 of Appendix II.) The patterning of results by area is different, however: the comparisons on positive responses being as follows:

| Table III: | All Xhosa % | Mi-grant % | Urban Ciskei % | Rural Ciskei % | E. Cape % | City Xhosa % | Soweto Zulu % | Soweto Pedi % |
|---|---|---|---|---|---|---|---|---|
| Positive on "independence soon" (Q.25) | 37 | 35 | 41 | 36 | 39 | 19 | 35 | 39 |
| Things may make independence acceptable (Q.26a) | 37 | 36 | 27 | 42 | 39 | 36 | 28 | 31 |

It is intriguing that some categories of people most positive in their outlook on "independence soon" in the earlier question revert to a more cautious position on the later probe; the proportion in urban Ciskei drops from 41 to 27 per cent, and the Zulu and Pedi also become more cautious. On the other hand, the City Xhosa proportion almost doubles. If this was due to remoteness allowing the imagination of positive possibilities to alter attitudes, then one would expect the Soweto Zulu and Pedi to respond in the same way. It could be that the City Xhosa have a certain measure of ambivalence, not declared in the earlier question which manifested itself in the probe on possible developments which would make independence acceptable. The second probe, however, is hypothetical and there is a possibility that some unknown effect was operating in the interview and it is suggested that the earlier probe already discussed in a previous question (Q.25) be taken as the more definitive indication of spontaneous attitudes towards independence in the present context.

The conditions which respondents mention spontaneously as factors which could make them view independence positively are given in detail in Table 7 of Appendix II. A rank-ordering of the main factors mentioned is given in Table IV, separately for the whole sample of Xhosa, the City Xhosa, Soweto Zulu and Soweto Pedi. Some of the detailed answers in Table 7 of the Appendix have been combined for the rank-ordering provided in Table IV of the text.

Table IV. Rank-order of main conditions mentioned spontaneously under which independence would be acceptable (percentages to base of respondents seeing independence as acceptable under certain conditions)

| | All Xhosa* | | City Xhosa | | Soweto Zulu | | Soweto Pedi | |
|---|---|---|---|---|---|---|---|---|
| More industry and employment | 1 | (27%) | 14,5 | (6%) | 1 | (24%) | 6 | (13%) |
| More territory or developed areas (post) | 2 | (25%) | 6 | (17%) | 6 | (14%) | 3 | (17%) |
| Non-racial govt. and society | 3 | (22%) | 3 | (25%) | 11 | (5%) | 12,5 | (4%) |
| Better education or more schools | 4 | (19%) | 7 | (14%) | nil | - | 12,5 | (4%) |
| Employment equality | 5 | (16%) | 1 | (31%) | 11 | (5%) | 9 | (9%) |
| Better incomes | 6 | (15%) | 8 | (12%) | nil | - | 9 | (9%) |
| Abolition of pass laws | 8 | (11%) | 3 | (25%) | 8 | (10%) | 9 | ( %) |
| Opportunities for entrepreneurship | 8 | (11%) | 5 | (19%) | 3,5 | (19%) | nil | - |
| Better housing | 8 | (11%) | 14,5 | (6%) | nil | - | 7 | (12%) |
| No white government control | 10 | (9%) | 14,5 | (6%) | nil | - | 12,5 | (4%) |
| Land and home ownership | 12 | (7%) | 3 | (25%) | 3,5 | (19%) | 3 | (17%) |
| Farming opportunities | 12 | (7%) | 18 | (3%) | 8 | (10%) | 6 | (13%) |
| Cattle ownership | 12 | (7%) | 18 | (3%) | 3,5 | (19%) | 1 | (22%) |
| Agricultural development | 14 | (5%) | nil | - | nil | - | nil | - |
| Health services | 15 | (4%) | 18 | (3%) | nil | - | nil | - |
| If whites/educated people attracted | 16 | (3%) | 11 | (8%) | nil | - | nil | - |
| International recognition | 19 | (2%) | nil | - | nil | - | nil | - |
| Right to vote in meaningful elections | 19 | (2%) | 9 | (11%) | nil | - | nil | - |
| Better recreation facilities | 19 | (2%) | 11 | (8%) | nil | - | nil | - |
| Right to work in S.A. | 19 | (2%) | 11 | (8%) | nil | - | nil | - |
| Freedom of speech | 19 | (2%) | nil | - | 11 | (5%) | 12,5 | (4%) |
| Good leadership | 22,5 | (1%) | 14,5 | (6%) | nil | - | nil | - |
| Black autonomy/complete black self-rule | nil | - | nil | - | 3,5 | (19%) | 3 | (17%) |
| Zulu unity | nil | - | nil | - | 8 | (10%) | nil | - |
| Return to traditionalism | nil | - | nil | - | - | (5%) | nil | - |
| Better services | 22,5 | (1%) | 21 | (1%) | nil | - | 6 | (13%) |

*weighted

The results in Table IV underscore the importance of the perceived needs for more employment, territory, development, social infrastructure and an escape from the constraints imposed on blacks in South Africa. Interesting differences emerge between the groups, however. Most striking is the fact that while the Soweto Zulu and Pedi who are inclined to favour independence give quite some priority to black autonomy and separatism and relatively moderate priority to non-racialism, this pattern is reversed among Xhosa who favour independence. (The Xhosa give a substantial priority to lack of white government control but here the motive is to escape white bureaucratic administration rather than the desire for autonomy.) Land ownership, cattle and farming are also more important among the pro-independece Zulu and Pedi than among Xhosa. Obviously those outside the homelands are more concerned with the rights of ownership of land and homes than those inside homelands. The City Xhosa are more concerned with equality of rights and privileges (work, legal rights, etc) than the Xhosa sample as a whole.

Very generally, the motives for separate development which white politicians have tended to "project" on to blacks - the essential need for ethnic identity, autonomy and unity tend to appear only among the Zulu and (to a lesser extent) Pedi who favour independence, and are completely absent from these results as they apply to Xhosa. It will be interesting to see if analysis of other findings is able to identify the ethnic autonomy factor to any greater extent.

Even more generally, even among those Xhosa respondents who are the roughly one-third willing to countenance independence under present conditions, many of the requirements they desire, like a non-racial society, an identification with developed areas, rights to work in South Africa without influx-control restrictions, are the very things that separate development, in large part, has been designed to discourage.

The question just analysed was hypothetical to the extent that respondents were asked to mention things which they could envisage which would make independence acceptable. The fact that so little shift from the earlier position on independence occurred (compared with what we already know to be possible with other hypothetical political alternatives) indicates that the respondents were constrained by a fairly narrow reality of what they thought was possible in terms of improvements to the homeland dispensation. What happens, however, when fairly distinct possibilities (and perhaps unrealistic possibilities in the present political order) for an "improved" type of independence are sketched out for respondents? This was done in the question "What if the following were to happen, would you accept independence if ...?" Here a range of possibilities was outlined and respondents were asked to indicate whether or not each would make them accept independence. (See Q.26c of Appendix L) The results for the different groups, including Zulu and Pedi (who were asked about Kwazulu and Lebowa) appear in Table V.

Table V. Proportions among different groups indicating willingness to accept independence of the homeland given certain hypothetical improvements in the conditions for independence

| Improvement in conditions ofor independence | All Xhosa % | Mi grant % | Rural Ciskei % | Urban Ciskei % | E. Cape % | City Xhosa % | Soweto Zulu % | Sewet Pedi % |
|---|---|---|---|---|---|---|---|---|
| "Good job with better" salary | 89 | 81 | 92 | 89 | 91 | 72 | 62 | 79 |
| "Homeland government obtaining rights for people to work and stay in cities permanently" | 88 | 74 | 92 | 83 | 94 | 78 | 65 | 76 |
| "Pension and land for old age" | 88 | 81 | 94 | 89 | 88 | 74 | 57 | 84 |
| "Multi-racial country with full rights for everyone" | 84 | 83 | 80 | 87 | 87 | 76 | 65 | 84 |
| "Possibility of opening own business" | 83 | 76 | 86 | 87 | 85 | 65 | 60 | 79 |
| "Recognition from world and countries of Africa" | 72 | 78 | 74 | 71 | 71 | 67 | 74 | 73 |
| "More land to allow purchase of small farms" | 69 | 71 | 78 | 69 | 70 | 41 | 58 | 73 |
| "East London to Ciskei (Durban/Pietersburg and Tzaneen)" | 68 | 61 | 75 | 71 | 67 | 47 | 48 | 71 |
| "Freedom to elect leaders of choice" | 64 | 68 | 68 | 68 | 61 | 49 | 55 | 73 |
| "Work like your present job in homeland" | 62 | 66 | 70 | 60 | 60 | 51 | 45 | 73 |
| "Ciskei and Transkei united into one Xhosa nation"* | 54 | 43 | 56 | 55 | 56 | 46 | 41 | 35 |
| "Homeland government truly independent of white control" | 48 | 65 | 46 | 49 | 47 | 45 | 34 | 70 |
| "If South African government refuses change for Africans in 10-15 years" | 11 | 13 | 11 | 12 | 12 | 8 | 8 | 24 |

*For the Zulu the option was "Unity of Kwazulu, Gazankuli and Swazi homeland as one nation". For the Pedi it was "Unity of Lebowa and Gazankulu as one nation".

The results show that the average African is remarkably pragmatic in his political thinking, since the presentation of hypothetical options has a dramatic effect on the stated willingness to accept independence. The hypothetical requirements for such a shift, however, are generally beyond the limits of the possible. Among the most attractive options, highly-paid jobs, land and pensions and opportunities for private enterprise stand in stark contrast to the key problem of homeland development; that of achieving capital accumulation, growing affluence, widespread access to good land and industrial development in relatively small, crowded territories situated outside the developed infrastructure of a dominant economy that draws development and capital away from them like a magnet.

The other very attractive option, that of homelands winning for their "citizens" the right to live and work permanently in South Africa is the very issue on which Chief Mangope of Bophuthatswana chose to negotiate hard with the South African government. His success was merely temporary, because, as this author understands it, the children of his irredentist citizens will lose their rights, and this was surely only to be expected since one of the central aims of the policy is to reduce the number of blacks with a permanent basis for claims to rights in the core area of South Africa.

The relatively high priority given to international recognition may mean two things: firstly it may reflect the deep need among blacks for a sense of honour and dignity as people - a status which the whites of South Africa can hardly confer on them convincingly while in the process of implementing a policy which most Africans, wrongly or rightly, interpret as a form of rejection: a policy which also makes international recognition unlikely at this stage. Secondly, it may mean that Africans see in international recognition the possibility of development aid that would solve other problems - also more than somewhat unlikely.

Hence, all but one of the hypothetical options that are capable of winning over clear majorities in all groups to the idea of independence are not realistic, and any homeland leader promising these benefits in the present context would lack all integrity. There is, however, one option which is very attractive to all respondents (with the Zulus a little less enthusiastic) which is not unrealistic - this being the idea of a multi-racial country will full rights for all. This is merely a transfer of the liberal dream to the homeland territory, admittedly, but it suggests the germ of a policy alternative which many people have propounded. This, possibly, would involve the enlarging of homeland areas by the addition of surrounding white areas,developed infrastructure, and allowing these territories the opportunity for autonomy (federal or confederal) and the exercise of a non-racial policy (perhaps with minority guarantees for whites).

Not all whites in areas surrounding homelands would accept this, but in some parts of South Africa a majority would. This kind of alternative would more than likely win the support of the blacks for a "pluralistic" policy. It would also include some other options which achieve moderate or enthusiastic acceptance from majorities among the black respondents; i.e. the ceding to the territories of some white cities and towns and realistic opportunities for development towards prosperity.

As regards differences between groups, the City Xhosa and the Zulu particularly are significantly more difficult to satisfy with the presentation of hypothetical options, while the rural Xhosa, not surprisingly for a relatively untutored group, are easiest to convince. The Soweto Pedi are quite remarkably eclectic in their choice of hypothetical possibilities for independence, including one which is least popular among most groups apart from migrants - that of complete freedom from white control. (Other results would have suggested that Zulu would have given priority to this option as well, but it is a very negative "privilege" and this author would assume that Zulu who desire autonomy would desire real independence, power and honour as a nation as well.)

Finally, as regards the results in Table V, it is obvious that the "second-best" idea, consciously at any rate, does not motivate black respondents to view independence favourably - this being the possibility of the situation of blacks remaining unchanged for 10 to 15 years with homeland independence as the only viable alternative. The results suggest that, with the exception of roughly one-in-four Pedis and fewer in other groups, the prospect is positively alienating. Even unconsciously, reorientation towards a "second-best" acceptance of homeland independence because of severe perceived political constraints in the common area does not seem to be occurring. In results not presented here, one of the analyses (cross-tabulations) was to compare the responses of those who expect change and improvements in race policy in South Africa with those who see the situation as unchanging or worsening. In eight out of the thirteen options presented as "improved" forms of independence, those who on another question (Q.11, Appendix I) expected no change or change for the worse in South Africa, clearly were less, not more, inclined to accept the options offered.

Finally, in this chapter, we must consider the views of respondents regarding the status of land abutting the Ciskei. It is an important issue bearing in mind the current initiative by the South African government to consolidate and improve the territorial status of the homelands. It is also an issue which bears upon the hypothetical possibility of an enlarged non-racial province outlined earlier. Questions 30 and 31 in the Appendix are referred to. A summary of the results is presented in Table VI in the text.

Table VI. The attitudes of different groups to land abutting the homelands

| Attitude to land abutting homelands (the corridor between Transkei and Ciskei, from Durban to Newcastle, from Pietersburg to Tzaneen*) | All Xhosa % | Mi-grant % | Ciskei Rural % | Ciskei Urban % | E.Cape Xhosa % | City Xhosa % | Soweto Zulu % | Soweto Pedi % |
|---|---|---|---|---|---|---|---|---|
| "Land rightfully belongs to: | | | | | | | | |
| Ciskei/Kwazulu/Lebowa | 56 | 65 | 67 | 49 | 53 | 53 | 75 | 57 |
| Whites | 12 | 6 | 7 | 14 | 15 | 12 | 12 | 20 |
| Everybody | 1 | 1 | 2 | 1 | 1 | 2 | 4 | - |
| Ciskei and Transkei (Lebowa and Bophuthatswana) (No joint option for KwaZulu)" | 22 | 21 | 19 | 24 | 22 | 28 | NA | 5 |
| "Obtain land: | | | | | | | | |
| before independence | 72 | 74 | 78 | 68 | 71 | 71 | 61 | 47 |
| not necessary" | 15 | 13 | 13 | 14 | 15 | 19 | 19 | 25 |
| "Homeland govts. should try hard to obtain land now" | 82 | 84 | 84 | 83 | 78 | 88 | 77 | 75 |
| (If yes to above - i.e. subsample) | | | | | | | | |
| "Whites should keep land and become citizens" | 38 | 33 | 41 | 35 | 41 | 33 | 42 | 55 |
| "Whites should sell land so Africans can own it" | 61 | 67 | 59 | 64 | 59 | 68 | 58 | 45 |

*Differences between the percentages and 100 per cent is due to "Don't know" answers.

The results in Table VI suggest that majorities in all groups consider that land abutting homelands belongs to "them". This admittedly, is a rather facile type of answer - it was undoubtedly made very easy for the respondents to lay claim to a universally valued resource. The Soweto Zulu seem more convinced in the attitude than others. Quite significant minorities of the Xhosa, however, seem content to share such land with the neighbouring homeland, and one would imagine that the majority would be prepared to see their governments negotiating around this issue. It was quite surprising to this author that so few respondents, particularly the many whose politics incline them to the idea of a non-racial democracy, saw the land as belonging to "everybody". The very low proportions are uncomfortably suggestive of a certain superficiality in the non-racial idealism, but the data do not warrant any firm conclusions.

It is equally facile for the respondents to claim, as majorities do, that "their" governments should try to obtain the land immediately. The Zulu are more moderate than others on this issue; surprisingly in the light of the relatively very high proportion in this group claiming that the land belongs only to Kwazulu (or the Zulu people). (This author has noticed before in studies that Zulu-speaking Africans tend to be relatively militant but nonetheless patient and strategic in their approach to political questions.)

The issue of whites being allowed to keep the land and become citizens of the 'enlarged' territory produces results which once again tend to contradict earlier conclusions that what people would like is a non-racial state. The Pedi are the only group which tends to adopt a consistent approach. However, the proportions agreeing to whites retaining ownership of the land represent substantial minorities and one must assume that attitudes on this issue are not inflexible. The City Xhosa group, one of the groups most inclined to reject separate development is least inclined to grant whites ownership of land incorporated into the territory; once again an uncomfortable contradiction in a sense.

## Brief conclusions

The results which have been analysed show that very little intrinsic merit is seen in the policy of independence for the Ciskei at this stage. Less than four out of ten Xhosa-speaking people with Ciskeian connections are prepared to view the possibility of independence positively, and it seems clear that support for the policy will be lower among groups outside the Ciskei; groups which are likely to be most visible and vocal in their condemnation of the development if it occurs. More than six out of ten City Xhosa eschew all forms of participation in homeland affiars. Those who are positive in their views of independence are not expressing a superficial preference since roughly the same people indicate a willingness to accept a Ciskei passport which in the present context means loss of South African citizenship. While this minority may be convinced, the motives for the preference are negative rather than representing a positive evaluation of ethnic autonomy and group-based self-determination. Indeed, the comparative data suggest that the Xhosa people interviewed are even less likely than Zulu or Pedi to value such autonomy. The positive appraisal of homeland independence seems to arise very largely as a reaction to the disadvantages suffered by blacks in the common area. Homeland independence tends to be seen by a majority as an unfair dispensation imposed by Pretoria and implying a loss of rights and economic opportunities without necessarily offering an escape from the dictates of Pretoria.

The people interviewed appear to be fairly pragmatic in their views on other possibilities, however. The reactions to hypothetical political alternatives indicate that majority acceptance of "separatist" alternatives can be obtained if it is indicated that certain important material and symbolic interests will be gratified. Apart from the more obvious material interests, complete freedom from domination by Pretoria and even more so the possibility of living and voting in a non-racial democratic state are attractive. Most of the political alternatives favoured by the respondents are unrealistic in the light of the severe impediments to development in the peripheral homeland territories. One alternative, however, could obtain very substantial backing from the rank-and-file Xhosa and is not entirely unrealistic; this being an enlarged homeland territory incorporating developed economic and social infrastructure and including non-Africans in a non-racial policy. The non-racial democratic idealism which is very dominant, more so among the Xhosa than among the comparison groups, is somewhat contradicted by a majority view that whites in an enlarged homeland should sell their land to allow African ownership. The minorities willing to countenance open access to ownership of land, however, are sufficiently large to suggest that this issue could be negotiable.

Table XIV. Reactions to the implications of majority rule among different groups

| Stimulus and response alternative | All Xhosa % | Mi-grant % | Ciskei Rural % | Ciskei Urban % | E.Cape Xhosa % | City Xhosa % | Soweto Zulu % | Soweto Pedi % |
|---|---|---|---|---|---|---|---|---|
| "If everyone voted,people of Ciskeian* background would be small in number and other African groups would have more power over government" | | | | | | | | |
| -would feel weak, insecure | 42 | 46 | 44 | 34 | 50 | 24 | 21 | 35 |
| -Africans one people, no matter | 57 | 54 | 56 | 65 | 50 | 76 | 79 | 65 |
| "If everyone voted, the Zulu would be largest single group to vote" | | | | | | | | |
| -worries me | 34 | 39 | 36 | 29 | 36 | 29 | 13 | 24 |
| -not make much difference | 66 | 61 | 64 | 71 | 64 | 71 | 87 | 76 |
| "If everyone voted, whites a small group without power to influence decisions" | | | | | | | | |
| -a good thing | 59 | 63 | 54 | 45 | 69 | 67 | 53 | 81 |
| -bad for country | 40 | 37 | 46 | 53 | 31 | 33 | 47 | 19 |

*or Zulu/Pedi where appropriate

group, the choice of the "weak, insecure" response alternative by one-half the sample, however, suggests that some form of "consociational" alternative would not be all that unpopular. The responses to the last item, a pattern in which some roughly four out of ten Xhosa excluding the Eastern Cape and City Xhosa, indicate that some form of identifiable political influence by whites would be supported, once again is a pointer in the direction of the consociational alternative.

The big city people, however, with the exception of the Zulu among whom roughly half think that the submerging of white influence would be bad, are broadly two-thirds in favour of the integrated majority rule solution to judge from their responses to those items.

## Brief conclusions

The broad pattern emerging, then, is that while there is considerable value placed on African traditional customs, and a very prominent emphasis placed on ethnic integrity in the family and private social spheres, the ideals at the political level clearly incline people towards the model of a universal non-ethnically structured democracy. This ideal is somewhat muted when people consider the possibility of the interests of ethnic groups, those of whites included, being submerged in undifferentiated mass politics, but the city people generally persist in articulating the non-ethnic position, with the exception of the Zulu to a substantial extent. (The Zulu, of course, have every reason to feel more confident than others about inter-ethnic competition because of their numbers; their hesitation is manifested on the issue of white influence on government.)

If these results are indicative of valid tendencies in the African population, then it would seem as if ethnicity and tradition are taken as being socially relevant but, with the exception of sizeable minorities, not a basis for the political ordering of a society. The one question which we cannot answer, however, is whether or not the reaction to discrimination, so often justified by whites in terms of ethnicity, is so pervasive that potentially potent ethnic political identification is suppressed at this stage. The question arises, then, of how authentic the non-racial, and non-ethnic political inclinations are in our black populations. In the following section some attention will be given to the issue of whether or not the basic regard of democratic institutions is sufficiently strong to help to safeguard group rights in an open society.

## Chapter 5
## POLITICAL VALUES AND ATTITUDES

One of the opinions which many political observers in South Africa and elsewhere form about independent Africa is that democracy and human rights have failed because of the inappropriateness of African values to the democratic political form. However much this view may rest on a somewhat oversimplified view of the preconditions for democracy, political values are certainly one relevant element in the performance of democracy in the Third World. Respect for the principle of democratic opposition, the right of the people to choose their representatives, the independence of the judicial process are all very valuable in protecting the rather delicate plant of democracy.

In South Africa, exclusive control of power in the common society by whites, the circumvention of courts by a bureaucratically administered security system and the complete lack of any representation for blacks in regard to the most salient issues of fiscal, economic welfare and labour policies in the common area is hardly a model of democracy, but one would assume that the very denial of these rights to Africans would have emphasised their value and legitimacy. It would reflect quite powerful anti-democratic attitudes if Africans in the present order were to indicate a preference for authoritarian or traditional rule. A brief exploration of these and other political issues was attempted in the survey.

**Political values**

Respondents were asked to think hypothetically of an independent African country in which the form of government reflected the values of the African people, and asked to indicate which of various pairs of alternatives would be "best" for such a country (Q.20 in Appendix I). The results are given in Table XV.

Table XV. Percentage choice by different groups of various alternative political and legal forms in a hypothetical African country

| Political/legal alternative forms | Percentage choice | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | All Xhosa % | Mi-grant % | Rural Ciskei % | Urban Ciskei % | E. Cape % | City Xhosa % | Soweto Zulu % | Soweto Pedi % |
| One strong party - single policy | 54 | 41 | 60 | 48 | 59 | 37 | 76 | 68 |
| OR | | | | | | | | |
| More than one party - alternative policies | 45 | 55 | 40 | 51 | 40 | 63 | 24 | 29 |
| Government of elected leaders only | 40 | 45 | 30 | 37 | 41 | 74 | 57 | 37 |
| OR | | | | | | | | |
| Many elected, some chiefs | 30 | 31 | 32 | 38 | 27 | 14 | 11 | 26 |
| OR | | | | | | | | |
| Equal elected and chiefs | 29 | 24 | 36 | 25 | 31 | 12 | 30 | 37 |
| All people with right to trial with lawyer | 76 | 71 | 70 | 74 | 79 | 92 | NA | NA |
| OR | | | | | | | | |
| Right of government to arrest and detain its enemies | 23 | 29 | 28 | 26 | 21 | 8 | NA | NA |
| Public trials in court | 67 | 55 | 52 | 71 | 70 | 92 | NA | NA |
| OR | | | | | | | | |
| Certain trials before older chiefs with councillors | 33 | 45 | 48 | 29 | 29 | 8 | NA | NA |
| Factories, businesses owned by private African businessmen who will work hard | 53 | 64 | 42 | 66 | 49 | 67 | 70 | 76 |
| OR | | | | | | | | |
| Owned by African people's government with representatives of people deciding policy | 46 | 36 | 56 | 34 | 51 | 33 | 30 | 21 |

Note: Difference between percentages and 100 per cent is "Don't know" answers
NA: not asked

The results in Table XV suggest that the only consistently "democratic" group is the City Xhosa subsample. Overall, more than 50 per cent of the non-City Xhosa are inclined towards the strong one-party option - a tendency which, needless to say, is not unfamiliar in Africa. Even more significant proportions opt for a deviation from the principle of elected representatives, involving some or many nominated chiefs in government. On the other hand, the principle of the rule of law receives reasonably strong support, although, as stated earlier, it would be very surprising if Africans were not to adopt that position in the light of present white government policies. These results, as well as the preference for ownership of land over the communal tribal tenure system (mentioned earlier) suggest that socialist inclinations predominate only in the urban Eastern Cape and urban Ciskei, but these are areas of very large populations and the socialist minority is not small anywhere except among city Pedi.

As noted in the introduction to this section, democratic forms do not depend substantially on popular attitudes; the extent to which a society has a well-developed base of voluntary social organisations, interest-articulating groups and lobbies whose interests cut across one another is probably more important than attitudes. Yet, this social infrastructure is not well-developed in African society in South Africa and therefore social attitudes must be accorded some importance in assessing likely political forms in the future. Only the City Xhosa reveal a comfortable majority who would possibly oppose trends towards one-party rule - the results for the city Zulu and the Pedi are even more "anti-democratic" than those of the more traditional Xhosa. (The Xhosa are often assumed to be the most "democratically" oriented black group in South Africa.)

One hears and reads a great deal about democratic forms "internal" to the large single-party structures of Africa. Nomination contests and the like within parties may well ensure a good deal of local democracy in a one-party system but they do not protect vulnerable minorities. While by no means conclusive these results cannot be wildly encouraging to the liberal observer and if they are valid, entrenched rights and safeguards for minorities in any future open society may not be out of place. The Hanf study[1] also found substantial support for the one-party system versus the multi-party system (49 per cent versus 45 per cent) in their big city sample of 1000-plus, using a different question, but on another item found a contradictory trend with 72 per cent supporting the democratic multi-party alternative.

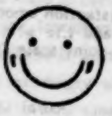
10. Theodor Hanf, op. cit.

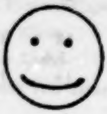
Here again these results are not conclusive but neither are they all that reassuring for those whose hope for a future democratic order lies in the prospect of a unitary political system for South Africa. Ironically, though, if they have validity the results would augur rather better for whites than for black ethnic minorities outside of the dominant party support group, since the former have money, skills, organisation and, as we have seen earlier, can count on substantial minorities of Africans (the Zulu in particular) being concerned that they should not be alienated.

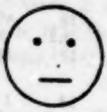
### Attitudes to the present political order

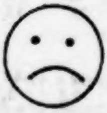
In Chapter 2 reference was made to the fact that attitudes of pessimism about the prospects for political change in the common area of South Africa did not appear to incline people towards greater acceptance of the homeland alternative. The nature of interrelationships between various political perceptions and views about homeland independence or its alternatives will be explored in greater detail in the next chapter. More generally some knowledge of the political consciousness of the various groups of Ciskei Xhosa, in comparison with those of Zulu and Pedi in Soweto, will assist in understanding the reactions that have been discussed thus far. Above all, however, some assessment of the climate of attitudes may assist in deciding whether or not the risks of enforcing unpopular policies outweigh the advantages which the policy-makers hope to gain.

As mentioned earlier, we employed a technique for assessing levels of political satisfaction and dissatisfaction which involved showing respondents pictures of five faces, each with a different expression and each linked with a description of a level of satisfaction or dissatisfaction (full details are found in Questions 10 to 15 in Appendix I). The pictures of the faces shown to respondents are illustrated opposite. Using this technique the levels of life-satisfaction about a variety of issues were assessed. In Table XVI we present the results. Three sets of figures are given in each instance; the proportion declaring itself to be "happy" (very happy and "just happy" but also not unhappy), the mean rating and the proportion expressing anger and impatience. In order to give respondents as much freedom as possible to answer frankly, the form of the question was semi-projective; respondents being asked about "people like themselves".









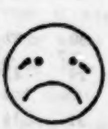


Table XVI. Extent of satisfaction/dissatisfaction among different groups, in regard to life in South Africa today, life in future, and life with reference to a number of specific aspects of daily life; as rated on a five-point scale from 5 "very happy" to 1 "angry and impatient"

| Aspect rated and response | All Xhosa | Mi-grants | Rural Ciskei | Urban Ciskei | E. Cape | City Xhosa | Soweto Zulu | Soweto Pedi |
|---|---|---|---|---|---|---|---|---|
| "Life in S.A. now" | | | | | | | | |
| - Happy (4 and 5) % | 24 | 14 | 35 | 30 | 16 | 12 | 8 | 27 |
| - Average rating | 2,5 | 1,9 | 2,9 | 2,7 | 2,3 | 1,9 | 1,9 | 2,7 |
| - Angry and impatient (1)% | 34 | 55 | 23 | 25 | 38 | 57 | 53 | 32 |
| "Life in 10 years in S.A." | | | | | | | | |
| - Happy % | 49 | 41 | 58 | 55 | 41 | 45 | 39 | 53 |
| - Average rating | 3,3 | 3,1 | 3,6 | 3,6 | 3,0 | 3,1 | 3,0 | 3,6 |
| - Angry % | 22 | 24 | 14 | 16 | 28 | 30 | 24 | 15 |
| "Political situation in S.A. now" | | | | | | | | |
| - Happy % | 16 | 12 | 22 | 20 | 11 | 9 | 3 | 17 |
| - Average rating | 2,2 | 2,0 | 2,5 | 2,5 | 2,0 | 1,8 | 1,7 | 2,3 |
| - Angry % | 38 | 43 | 27 | 28 | 47 | 52 | 47 | 35 |
| "In independent Ciskei in 10 years" | | | | | | | | |
| - Happy % | 39 | 37 | 39 | 49 | 35 | 29 | 43 | 51 |
| - Average rating | 3,1 | 3,0 | 3,2 | 3,4 | 3,1 | 2,5 | 3,3 | 3,6 |
| - Angry % | 21 | 24 | 17 | 16 | 21 | 40 | 17 | 15 |
| "Wages and incomes now" | | | | | | | | |
| - Happy % | 13 | 12 | 18 | 11 | 13 | 5 | 4 | 15 |
| - Average rating | 2,0 | 1,9 | 2,3 | 2,0 | 2,0 | 1,7 | 1,8 | 2,2 |
| - Angry % | 44 | 48 | 35 | 44 | 47 | 51 | 51 | 40 |
| "Educational opportunities" | | | | | | | | |
| - Happy % | 34 | 29 | 31 | 55 | 27 | 18 | 25 | 37 |
| - Average rating | 2,8 | 2,8 | 2,8 | 3,4 | 2,6 | 2,2 | 2,7 | 3,2 |
| - Angry % | 24 | 21 | 23 | 12 | 28 | 42 | 19 | 13 |
| "Present policy changes in cities" | | | | | | | | |
| - Happy % | 22 | 15 | 12 | 42 | 19 | 22 | 20 | 29 |
| - Average rating | 2,7 | 2,4 | 2,6 | 3,3 | 2,6 | 2,4 | 2,5 | 2,8 |
| - Angry % | 14 | 22 | 10 | 10 | 16 | 26 | 25 | 24 |
| "Recreation and entertainment" | | | | | | | | |
| - Happy % | 34 | 19 | 30 | 47 | 33 | 27 | NA | NA |
| - Average rating | 3,0 | 2,5 | 3,1 | 3,5 | 3,1 | 2,6 | NA | NA |
| - Angry % | 10 | 20 | 6 | 8 | 8 | 24 | NA | NA |
| "Law and justice now" | | | | | | | | |
| - Happy % | 21 | 16 | 30 | 29 | 14 | 4 | NA | NA |
| - Average rating | 2,2 | 2,1 | 2,7 | 2,7 | 2,0 | 1,5 | NA | NA |
| - Angry % | 37 | 48 | 24 | 23 | 44 | 69 | NA | NA |
| "Housing" | | | | | | | | |
| - Happy % | 17 | 19 | 32 | 14 | 10 | 6 | NA | NA |
| - Average rating | 2,1 | 2,3 | 2,6 | 2,2 | 1,9 | 1,7 | NA | NA |
| - Angry % | 43 | 36 | 36 | 31 | 54 | 55 | NA | NA |

NA = not asked

There are a number of different ways of commenting on the results in Table XVI. Firstly one can comment on the instances where the level of dissatisfaction appears to reach critical proportions. If we take a proportion of 45 per cent and above recording their feelings as "angry and impatient" as being sufficiently close to a majority to constitute a very substantial pool of discontent with high valence, then the following groups and issues are a cause of great concern:

Life in general - Migrants, City Xhosa, City Zulu
Political situation - Eastern Cape, City Xhosa, City Zulu
Wages and incomes - Migrants, Eastern Cape, City Xhosa, City Zulu
Law and justice - Migrants, City Xhosa
Housing - Eastern Cape and City Xhosa

Far and away the most intensely felt issue seems to be that of law and justice among the City Xhosa.

Apart from these rather extreme indications of discontent, the results are far from comforting. Only in regard to education for self and recreation does the extent of satisfaction outweigh dissatisfaction, and even in regard to the former the city people appear far from happy. In any event, both are of somewhat lesser relevance to an adult sample. In 1977 Hanf and others asked the same general question among their urban sample.[1] For interest we present a comparison with present results:

| | 1977 | | 1979 | |
|---|---|---|---|---|
| | Hanf | City Xhosa | City Zulu | City Pedi |
| | % | % | % | % |
| "Life in general" - happy (4 and 5) | 22 | 12 | 8 | 27 |
| - unhappy or angry (1 and 2) | 57 | 72 | 71 | 48 |

If we consider that the Pedi were a small minority in Hanf's sample, which had Zulu and Xhosa as the largest and second largest groups, it is quite apparent that a disturbing deterioration in degree of satisfaction has taken place over the past two years. Our results in Table XVI show that policy changes for Africans in the cities are not sufficiently highly viewed to have tempered the discontent, which now seems more serious than it was during the tail-end of the Soweto disturbances. Indeed, this author would go so far as to say that if the new government desire to improve race relations is not translated into an improvement in the tone and quality of urban administration and service provision, South Africa runs a severe risk of new disturbances if some flashpoint occurs.

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[1] Theodor Hanf, op. cit., 441.

Considering the various groups, it seems that migrant workers, City Xhosa and Zulu and people in the Eastern Cape are more inclined to be dissatisfied than others. These are people for whom independence of the Ciskei within the present dispensation has least to offer. One surprising feature of the results in Table XVI is that the prospect of living in an independent Ciskei in 10 years' time is anticipated to reduce dissatisfaction (except among City Xhosa). Judging from the other answers, and from the very similar responses to the question on life in South Africa in 10 years' time, the faith and hope is pinned on *time* rather than on independence or homeland development as currently planned. In the light of the levels of discontent manifested in these results, it must seriously be considered whether the country can afford to enforce policies which in their present form are highly unpopular. It is this author's view that the pending independence of the Transkei in June 1976 contributed to the mounting tension among the group which by all accounts took a lead in the disturbances, the Xhosa-language youth.

As already mentioned, one alleviating feature of the results on the extent of satisfaction or dissatisfaction is the fact that respondents see some hope for the future. What is this hope based on? When there was a difference between the rating of the present situation and that in 10 years' time, we asked respondents why they expected their situation to change. The detailed results are not relevant to this discussion but generally they suggest that only roughly 10 per cent of Xhosa perceived improvements in relation to the homelands policy (13 per cent and 17 per cent in the urban and rural Ciskei), the rest focused on the possibility of reduced discrimination, greater personal opportunity and political participation in the common area. Reasons for pessimism were dominantly fixed on wages, prices and employment. Thus we see that the most salient hopes and fears for the future tend to be associated with common area politics.

The homeland policy and the policy for Africans in the cities are closely linked with the emergence of an echelon of African leadership which enjoys formal status in South Africa. Competing leader-groups are based in informal voluntary associations to a very large degree or in the churches. Chief Buthelezi of Kwazulu is in an interesting category of his own; firstly he has established a basis for constituency politics outside of the narrow homeland framework, and secondly, as a traditional prince, he has very high aristocratic credentials. It is important to consider what the legitimacy of the variouis leader figures might be, because the acceptability of various alternatives for the rank-and-file must be determined in some considerable measure by the reputation of the leaders associated with the policy alternative.

The reputation of different leaders was explored in the following way. In order to allow people to feel free to establish their criteria of evaluation in terms of leaders who might be exiled or imprisoned, respondents were asked to think of their first choice of leader, not to divulge his identity, but simply to assign him 10 marks, and then assign marks to other leaders named in the question with the fixed reference of the anonymous leader in mind (see Question 17 in Appendix I). The results are given in Table XVII in the text.

The results in Table XVII are difficult to interpret since there is such wide variation in the extent to which leaders are known outside their immediate areas. Hence, for example, while not the most highly rated leader in these samples, Chief Buthelezi is uniformly very well known. If one takes the proportion of each total subsample rating a leader very highly, i.e. 8, 9 or 10 out of 10, then a more meaningful profile of support of leaders emerges in each area or for each group (Table XVIII). The results in Table XVIII, then, are a more significant indication of support than in Table XVII, since in the former the popularity score could be based on the opinions of a small minority.

It is quite clear that in the Ciskei Xhosa-speaking group generally, Chief Sebe's support is strong and unassailable. Only the City Xhosa deviate markedly, placing Bishop Tutu, Dr Motlana and Mrs Winnie Mandela ahead of Chief Sebe. Chief Sebe's support in the city, therefore, is not strong; not as strong, for example, as that of Chief Buthelezi and Dr Phatudi among the Soweto Zulu and Pedi respectively, where both are ranked strong seconds. The other group that deviates somewhat are the Xhosa migrant workers, among whom Chief Buthelezi, quite notably, has strongest support, with Chief Sebe in close second position. Bearing in mind the unpopularity of the policy of separate development, the strength of support for Chief Sebe among the Ciskei-Xhosa group is remarkable, and these results suggest very strongly that he has widespread popular legitimacy as the leader of the Ciskei Xhosa, outside of the big city areas. The leader of the Ciskei opposition does not have insignificant support but only in the urban Ciskei group does the level of his support begin to approach that of Chief Sebe.

Further evidence on the public reputation of Chief Sebe (and among Zulu and Pedi for Chief Buthelezi and Dr Phatudi) came from the question "Thinking of Chief Sebe of the Ciskei [Buthelezi, Phatudi], do people like you feel he is

- a leader of his people?
- a strong man who likes having power for himself?
- a man who is controlled by the S.A. government?
- a bad man who is hard on his enemies?"

Table XVII. Knowledge of and scores assigned to various political leaders by members of different groups, in relation to 10 out of 10 for their anonymous choice of the leader they support most (Note: Scores exclude the don't know categories)

| Leader | All Xhosa | Mi-grant | Rural Ciskei | Urban Ciskei | E. Cape | City Xhosa | Soweto Zulu | Soweto Pedi |
|---|---|---|---|---|---|---|---|---|
| Dr Motlana[1] | | | | | | | | |
| - average score | 7,6 | 5,5 | 7,3 | 7,5 | 8,3 | 7,6 | 8,8 | 8,5 |
| - % DK/Do not know him | 61 | 62 | 73 | 59 | 67 | 7 | 3 | 20 |
| Chief G. Buthelezi[2] | | | | | | | | |
| - av. | 6,5 | 6,0 | 6,8 | 6,7 | 6,7 | 5,1 | 7,5 | 6,4 |
| - % DK | 15 | 13 | 21 | 15 | 15 | 1 | - | 17 |
| Mrs Winnie Mandela[3] | | | | | | | | |
| - av. | 7,7 | 7,4 | 7,0 | 8,3 | 8,3 | 6,1 | 6,9 | 7,2 |
| - % DK | 37 | 43 | 57 | 35 | 31 | 5 | 5 | 27 |
| Bishop Tutu[4] | | | | | | | | |
| - av. | 7,5 | 5,1 | 7,3 | 7,5 | 7,9 | 7,7 | 7,6 | 8,0 |
| - % DK | 54 | 66 | 70 | 50 | 53 | 13 | 19 | 35 |
| Chief Sebe[5] (for Pedi - Dr Phatudi) | | | | | | | | |
| - av. | 7,1 | 6,9 | 8,1 | 6,8 | 7,1 | 5,2 | NA | 7,2 |
| - % DK | 1 | - | 1 | 1 | 1 | 1 | NA | 5 |
| Bishop M. Buthelezi[6] | | | | | | | | |
| - av. | 6,6 | 5,1 | 7,1 | 6,7 | 6,6 | 6,0 | 6,8 | 6,3 |
| - % DK | 59 | 64 | 77 | 54 | 59 | 16 | 30 | 43 |
| Mr Mabandla[7] | | | | | | | | |
| - av. | 5,5 | 4,6 | 5,6 | 6,4 | 5,4 | 4,3 | NA | NA |
| - % DK | 7 | 7 | 5 | 6 | 9 | 7 | NA | NA |
| Mr Thebahali[8] | | | | | | | | |
| - av. | 4,8 | 2,7 | 3,4 | 6,2 | 5,6 | 3,0 | 3,8 | 3,8 |
| - % DK | 69 | 68 | 84 | 61 | 77 | 11 | 4 | 17 |
| Chief K. Matanzima[9] | | | | | | | | |
| - av. | 5,8 | 4,4 | 6,3 | 6,6 | 5,9 | 3,4 | 3,4 | 4,7 |
| - % DK | 2 | 2 | - | 2 | 4 | 1 | 1 | 17 |

NOTES

1. Chairman, Soweto Committee of 10
2. Chief Executive Councillor of Kwazulu and President of Inkatha
3. Wife of Nelson Mandela, former leader of A.N.C.
4. Chairman of S.A. Council of Churches
5. Chief Minister of Ciskei/Chief Minister of Lebowa
6. Former chairman of Black Parents Association, Soweto
7. Leader of Ciskei Opposition
8. Chairman of Soweto Community Council - official body
9. President of Transkei

Table XVIII. Extent of highly positive support (8, 9, 10 out of 10) for various political leaders in different groups and areas: top five leaders in rank-order of support in each group

| All Xhosa | % | Migrants | % | Rural Ciskei | % | Urban Ciskei | % |
|---|---|---|---|---|---|---|---|
| Sebe | 60 | G. Buthelezi | 43 | Sebe | 71 | Sebe | 62 |
| Mandela | 41 | Sebe | 41 | Matanzima | 42 | Mandela | 49 |
| G. Buthelezi | 40 | Mandela | 39 | G. Buthelez | 38 | Matanzima | 48 |
| Matanzima | 39 | Mabandla | 29 | Mabandla | 32 | Mabandla | 47 |
| Mabandla | 34 | Matanzima | 27 | Mandela | 23 | G. Buthelez | 45 |
| **Eastern Cape** | **%** | **City Xhosa** | **%** | **Soweto Zulu** | **%** | **Soweto Pedi** | **%** |
| Sebe | 59 | Tutu | 56 | Motlana | 79 | Motlana | 64 |
| Mandela | 50 | Motlana | 54 | G. Buthelezi | 68 | Phatudi | 55 |
| G. Buthelezi | 40 | Mandela | 38 | Mandela | 56 | Mandela | 45 |
| Matanzima | 40 | Sebe | 34 | Tutu | 51 | Tutu | 43 |
| Tutu | 31 | G. Buthelez | 30 | M. Buthelezi | 31 | G. Buthelez | 32 |

12.138 The results of one of these items have already been analysed but the analysis is repeated here for comparative purposes. Results are given in Table XIX.

Table XIX. Percentage agreement with statements about Chief Sebe, Chief Buthelezi and Dr Phatudi among groups of Xhosa, Soweto Zulu and Pedi

| Statement<br>Chief Sebe - Xhosa<br>Chief Buthelezi - Zulu<br>Dr Phatudi - Pedi | Percentage agreement<br>All Xhosa | <br>Mi-grant | <br>Rural Ciskei | <br>Urban Ciskei | <br>E. Cape | <br>City Xhosa | <br>Soweto Zulu | <br>Soweto Pedi |
|---|---|---|---|---|---|---|---|---|
| | % | % | % | % | % | % | % | % |
| "A leader of his people" | 73 | 70 | 88 | 69 | 71 | 50 | 81 | 71 |
| "A strong man who likes having power for himself" | 60 | 64 | 45 | 67 | 60 | 81 | 39 | 57 |
| "A man controlled by the South African government" | 84 | 87 | 80 | 86 | 83 | 91 | 76 | 64 |
| "A bad man who is hard on his enemies" | 38 | 37 | 23 | 46 | 41 | 50 | 16 | 40 |

These results suggest that, while Chief Sebe is seen by a clear majority of seven out of ten Xhosa as a legitimate leader, his image as regards desire for personal power, and control by the South African government is less favourable than that of Chief Buthelezi and Dr Phatudi in the very much more critically oriented big city environment. Except for control by the South African government, something for which those leaders are not necessarily blamed, Buthelezi's image is very sound indeed among Soweto Zulu, more favourable in most respects than that of Chief Sebe in the rather sympathetic rural Ciskei.

Generally, however, all these results on leadership tend to show that while "homeland" leaders like Chief Sebe cannot claim top popularity in the big cities of the Witwatersrand and Western Cape, they are nonetheless prominent and 'legitimate' among all groups, even in the big cities, and seem dominant in their leadership positions closer to the homelands.

Finally in this section, we will consider the results of an item in which people were asked to indicate what they saw as differences between the people of the Ciskei and the Transkei - an item relating very much to the issue of political identity (Q.7a, Appendix I). The results appear in Table XX.

Table XX. Perceived differences between Ciskeian and Transkeian people

| Perceived difference | All Xhosa % | Mi-grant % | Rural Ciskei % | Urban Ciskei % | E. Cape % | City Xhosa % |
|---|---|---|---|---|---|---|
| Percentages stating that differences exist | 23 | 16 | 23 | 16 | 29 | 20 |
| Percentage distribution of differences: | | | | | | |
| - Language (mainly Ciskei pure Xhosa) | 75 | 62 | 78 | 61 | 81 | 80 |
| - Ciskei more civilised/ educated/less traditional | 30 | 77 | 13 | 32 | 27 | 60 |
| - Transkei heterogeneous | 6 | - | 9 | 13 | 2 | 3 |
| - Customs different | 10 | - | 21 | 7 | 6 | 10 |
| - Transkeians more advanced | 8 | 8 | 4 | 14 | 3 | - |

The results of the probe (Table XX) are of some marginal interest in the sense that the answers could help to indicate whether there is any basis in popular attitudes for the development of nationalist sentiment in the Ciskei Xhosa group. In fact, relatively low proportions in the first instance perceive a meaningful difference between Ciskei and Transkei Xhosa; generally less than one-quarter. Furthermore, most of the perceived content of the differences which are seen to exist is little more than descriptive, like language differences. Among migrant workers and City Xhosa, however, some evidence of "invidious" comparisons emerges, in terms of which the Ciskeians are stereotyped as more civilised, educated and advanced. This smacks of some kind of nationalist sentiment.

It is interesting that it appears among those groups who live in the very heterogeneous surroundings of the big cities, where presumably the tensions and anxieties of daily life contribute to the aggressive tendency to make invidious ethnic or national distinctions. Nationalism is injured identity, as Trevor Roper once said, and presumably it breeds first in the areas where social strain and competitiveness are most prominent. The results do not suggest that much present attitudinal impetus for the development of an intense Ciskei Xhosa nationalism exists.

We will not attempt to draw together conclusions on the diverse range of data contained in this chapter, but will comment in general terms on this section in the final chapter.

## Chapter 7
## GENERAL ASSESSMENT

Because South Africa is a segregated society, the different races tend to know less about one another than is the case with, say, different classes in a homogeneous society. This lack of mutual insights has allowed politicians, both black and white, to indulge themselves in the luxury of telling the world and their political antagonists "what black people think". Many eventually begin to believe what they say. Many acquaintances of the author - black intellectuals - have assured him sincerely that 95 per cent or more Africans reject any notion of a policy which deviates from the principle of unitary democracy. They would be right if they said that, in principle, 95 per cent or more Africans would like a liberal open democracy for South Africa, but, understandably, they are imposing their own views in saying that the same vast majority staunchly and consistently rejects any deviation from the unitary democratic principle. Many government party white politicians make equally unrealistic counter-claims.

Our respondents have demonstrated that they are flexible, pragmatic and remarkably "unideological" people. The rigid orthodoxies which, ironically, are so much the penchant of intellectuals and academics mean relatively little to them. More so than whites as well, African respondents tend not to have the ready-made answer for the political pollster. In some ways, of course, this is a problem. The reader will recall how very readily huge proportions of respondents shifted their ground on separate development when various incentives were suggested hypothetically; some of the "carrots" being absurdly unrealistic. This, of course, makes it very necessary that those interpreting this report should not become transfixed by any one finding to the effect that, say, 70 per cent plus accepted policy A or B. There are no answers in this report, only insights.

Some important myths are destroyed by this report, like for example, the belief that homeland leaders have no popular legitimacy, or the belief in another quarter that liberal democratic Africans are a tiny unrepresentative minority. This report, if ever published, will guarantee the author instant unpopularity among both radicals and conservatives, which is perhaps as it should be.

By now the reader hopefully will have become convinced that the respondents generally were honest and frank in their replies. Some small groups have much larger than average numbers of people who feel they have to play games and they end up contradicting themselves; there is some slight evidence of this in the responses of men in higher administrative positions. By and large, however, the replies from all groups did not have the flat, evasive, unvarying quality which is typical for frightened or unwilling respondents. The results are also sufficiently internally consistent to suggest validity and reliability. We turn now to identifying the more salient conclusions. In presenting these conclusions reference will be made to certain comparative research findings which have only very recently appeared and which provide interesting verifications of aspects of this study.

> While displaying great social similarities, politically, big city Africans and those from the rural areas and theregions are significantly dissimilar.

On perusing the results and the analysis as a whole, one salient aspect of the South African political reality tends to emerge very clearly; this being that the permanently resident urban Africans have a political culture which diverges sharply from that of rural Africans or Africans in the regions closer to African tribal areas. Socially the differences are not quite as marked - indeed in regard to respect for traditions, a sense of an African heritage, and a considerable intergenerational integrity of ethnic groups, big city Xhosa are not markedly divergent from their rural and regional fellows. In terms of political perceptions, however, the influence of a distinctive "common society" political culture in the urban areas is abundantly apparent. Full account should be taken of the present and potential hostility created by imposing general policies on all Africans, willy-nilly.

> The relevance of separate development to the rank-and-file African has substantially been that of discrimination and segregation.

The vast majority of Xhosa feel that current homeland autonomy has been irrelevant and meaningless in their lives. The author understands that support for this finding has emerged from the results of an independent study sponsored by an official body. It would appear that among Xhosa-speaking Africans in the Western Cape clear majorities are firmly disinclined to consider moving to the Ciskei or Transkei, even when incentives are suggested. Only a small minority - those with a rural orientation - indicate willingness to return.

A very recent study among 150 Zulu in Durban conducted by this author yielded results virtually identical to those quoted earlier in this report: only some 5 per cent of Durban Zulu perceive homeland autonomy in positive terms.

> Up to four out of ten Xhosa view the prospect of Ciskeian independence favourably but for unfortunate reasons.

Support for independence, while a minority view, is very substantial except among City Xhosa, but the overwhelming motivation is to escape the rigours of life in a racially unequal society. The motive is a negative, not a positive freedom. The study among Durban Zulu gives broadly similar findings: i.e., 30 per cent view the prospect of homeland independence positively, compared with the 19 per cent of City Xhosa and and the 39 per cent of Eastern Cape Xhosa referred to earlier within this report.

> Resistance to independence is dominantly non-ideological.

People tend to reject independence because of practical economic and other material considerations and because they value urban rights where they have them. Many people are very knowledgeable about the effects of independence in other homelands. The anti-independence stance appears not to be a popular ideology fostered by activists. It appears as grassroots common sense. Therefore most Xhosa are open to accept constructive modifications to the policy. Apart from migrants and Ciskeians residents, most Xhosa are sociologically distantiated from the homelands, and this explains their attitudes to a considerable extent.

> The City Xhosa are least tractable of all on the issue of independence and more resistant than Soweto Zulu and Pedi.

The City Xhosa are perhaps the only group among Xhosa who are substantially pervaded by a political ethos of an ideologically constructed kind, that of liberal democracy. Hence, even more so than the rather more militant Soweto Zulu, the City Xhosa reject independence under present conditions to the extent of more than 80 per cent. More recent findings among Zulu-speakers in Durban once again suggest that the Transvaal and Western Cape Xhosa-speakers are the group most resistant to homeland independence.

> Homeland independence is seen as an extension of the "Bantu Administration" regime.

Even under present economic and geographic circumstances, many more Xhosa would accept independence if they felt it meant an escape from the "total system" control of their lives by a bureaucracy modelled on colonial practice. Independence, "Bantu Administration" style, is seen as involving Pretoria control of the homeland leaders, against the latters' wishes. Complete self-government, on the other hand, while not answering material needs, could counter another aspect of deprivation, the need for honour and real autonomy. As a former township administration official, this author can recognise the validity of these views. Consequently most Xhosa are very sceptical about the likelihood of improvements to the policy - they will not buy promises easily if these come from official quarters.

> Constructive hypothetical modifications to the policy of separate development win massive support among most Xhosas, out of proportion to the real benefits of such alternatives.
>
> An open democracy in South Africa is a common ideal among Africans but, except among City Xhosas, various separatist, federal or consociational alternatives achieve almost as much acceptance as the political ideal.

Broadly, almost equally attractive, "second best" options are either:

> African homelands with full autonomy and independence but with more land, towns and developed infrastructures; or an eqaul consociation of elected African leaders, homeland leaders and white leaders governing all of South Africa as a united state.

Taking account of the second best options, in the light of development prospects in economically peripheral homeland areas, and evaluating the various hypothetical changes to the present homeland system which Xhosa find acceptable,

> a non-racial expanded homeland including adjacent developed white areas, with whites as equal citizens but with minority safeguards would find very great acceptance among Xhosa people.

Even greater acceptance would accrue if

> rights to work and residence outside the homeland were to be negotiated and firmly entrenched.

A problem would be African claims to white farming land but even in regard to this very highly valued resource, very substantial proportions of Xhosa would appear to be open to negotiation.

> Present homeland boundaries are not seen as legitimate;

most Xhosa see adjacent land as rightfully part of their heritage, a view which supports the notion of a concept of expanded homelands.

> The Xhosa people, even in the cities, value most of their *African* traditions and, in addition maintain a high degree of ethnic integrity in marriage and social life.

While traditionalism is somewhat diluted in the cities it tends to be strengthened by a modern revivalist traditionalism of protest, perhaps better called "Africanism".

Traditionalism and ethnic integrity at the social level, however, do not find expression in a desire for ethnic political arrangements, and even when prompted by suggestions of dominance by more powerful ethnic groups,

> only a minority, albeit very substantial, tend to see a need for ethnic separation in political arrangements.
>
> There seems little likelihood of the growth of an intensely felt Ciskeian nationalism at the moment.
>
> Support for a separatist or ethnic political solution comes mainly from those with roots in the African areas. Even these social and ethnic roots and interests, however, do not secure acceptance of separate development and homeland independence.
>
> A substantial minority of well over a third in most places place a positive value on the role of whites *as a group* in any future political order.
>
> Chief Sebe has high legitimacy as a leader among most Ciskei Xhosa except among big city Xhosa,

but even among the latter substantial proportions see him as a true political leader. Shortcomings in the role of homeland leader are clearly seen, particularly as regards control by Pretoria, but nevertheless, in the absence of alternative leadership, particularly in the regions far away from Soweto, a homeland leader like Chief Sebe achieves very substantial support.

Available tentative evidence indicates that

> only among city Xhosa is there a clear majority which firmly espouses the ideal of multi-party democracy.

This aspect of the liberal democratic ethos appears to have been imperfectly internalised among Africans, one-half or more of whom favour the idea of a one-party state.

Evidence on levels of satisfaction with life in general and various specific aspects of life suggest that political dissatisfaction has not decreased since the Soweto disturbances and may even have increased. Indeed

> discontentment with the political situation, with standards of living, law and justice and with housing seem as high as they possibly could be among city Xhosa and Xhosa migrant workers (although Soweto and Durban[1] Zulu appear to be as discontented as these two groups of Xhosa-speakers).
>
> To assume that South Africa can allow its political and socio-political policies to evolve slowly and naturally is extremely dangerous, particularly in a climate of rising expectations created by developments in Zimbabwe-Rhodesia.

The results also indicate the

> fallacy of the view that political discontent and activism are likely always to be confined to the youth.

Other groups, notably migrant workers who have great potential bargaining power, are surprisingly militant in some respects.

Very broadly, the results suggest that the majority of Xhosa-speaking (and for that matter, Zulu-speaking) blacks of all groups, rural and urban, are highly unlikely to accept homeland independence, as presently defined, as a viable and legitimate channel for their political, social and economic aspirations. Most of their firmly held reservations are grounded in reality. To give but one example, in the Kwazulu Development Plan, the most optimistic estimate of employment growth over the next decade which the authors could venture was 3 per cent per annum, compared with 4,5 per cent in the areas outside Kwazulu, even assuming heavy capital investment.[2]

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[1] In the very recent results of this author's study among Durban Zulu, the proportion expressing themselves to be "angry and impatient" is 55 per cent with a further 23 per cent indicating unhappiness with the present political order.

[2] Thorrington-Smith, Rosenberg, McCrystal and Associates, Towards a Plan for Kwazulu: A preliminary development plan, Kwazulu government, 1978.

The resistance of most of these blacks to the policy of separate development does not appear to be the result of ideological commitments or counter-propaganda; their reservations are very largely pragmatic and material in nature, coupled with a reaction against the idea of being manipulated by Pretoria and rejected, as people, by what they see as the common society.

A further indication of a lack of ideological bias is the fact that only the big city Xhosa tend to reject other, more realistic suggestions for political decentralisation or a devolution of power not based on the principle of unitary democracy.

The largely negative reaction to separate development which these results reveal is broadly supported by other studies conducted independently and this author is firmly confident that no alternative investigation could refute the general pattern.

One way of interpreting certain of the results could conceivably yield conclusions favourable to the imposition of separate development on the Ciskei-Xhosa people, and this would be based largely on the evidence of a considerable degree of linguistic-ethnic social coherence among virtually all groups.

It could be argued, for example, that the majority rejection of an ethnic political dispensation among blacks represents merely a temporary sense of unity in reaction to discrimination and political rightlessness in the common area which applies uniformly to all Africans. The argument would go further to suggest that once political power were achieved a process of ethnic polarisation and competition would occur with disastrous consequences for the stability of the future society. As evidence for this the results of this study which reveal a considerable degree of social ethnicity could be quoted. Hard, empirical evidence of intertribal clashes in the South African mining industry also could be presented. Furthermore, history and current political analyses present one with myriad examples of irreconcilable ethnic hostilities in unitary states all over the world.

This author would be the last person to underrate the political salience of ethnic and other forms of sub-national identity in the affairs of nation-states. Even so, however, this mode of interpretation should be approached cautiously. A few easily verifiable assertions need to be made. Firstly, ethnicity is not the only focus of social identification - religion, social status, life-style and economic class can and often do cut across ethnic divisions in such a way as to fragment loyalties, making a very complex pluralism possible which is fairly immune to disruptive political polarisation along any major dimension. Secondly, while we easily notice ethnic conflicts, we tend to overlook the fact that the English, the Germans, the Portuguese, the Egyptians, the Basotho, the Afrikaners, the white Anglo-Saxon Protestant Americans and scores of other national groups are the result of processes of ethnic assimilation which have been successful. In South Africa, the Afrikaners emerged out of a diversity of settler groups including Dutch, Flemings, Germans, French, and also smaller numbers of Scots, Irish, English, Portuguese, Jews, Malays and many others. All I wish to suggest with this assertion is that the circumstances surrounding processes of ethnic conflict, coalition or assimilation are very complex indeed. This author cannot with any honesty predict whether or not Xhosa, Zulu, Swazi, Ndebele and Tsonga-speaking Africans, whose languages and customs have identical roots, will be mutually antagonistic, cooperative, or form an Nguni corporate group in a hypothetical future unitary South Africa. If they were to cooperate or assimilate, it would be relatively easy to assimilate smaller non-Nguni groups. Debates about the ethnic future of South Africa under various hypothetical conditions are essentially speculative.

What this author believes to be true, however, is that where ethnic identity is "inflamed" by threats to the group, by privation which is not sufficiently severe to sink a group into apathy and atomisation, by strong feelings of relative deprivation or a host of other socially aggravating features, ethnicity easily can become a focus for political protest and mobilisation. The results of this study indicate that ethnic social boundaries are sufficiently crystallised to provide a focus for conflict under adverse social and political circumstances in the future. Minorities could be highly vulnerable. For this reason this author believes that it is difficult to condemn political developments or constitutional proposals which are aimed at protecting the political interests of minorities. Very broadly and over-simply stated, it is probable that democratic forms would survive in a unitary system only under conditions of rapid and sustained economic growth, evenly spread, rapid socio-economic and occupational differentiation and the emergence of a powerful modal political culture which encouraged a spirit of compromise and practical political thinking, and discouraged identity politics like African or Afrikaner Nationalism and Black Consciousness and also discouraged any forms of radical right or left-wing utopianism. The unlikelihood of these conditions materialising in sufficient degree probably makes constitutional proposals which involve a decentralisation of power very realistic. Decentralisation can also accommodate ethnic interests in certain regions and for certain groups, if these are salient at the political level.

Separate development as presently implemented, however, is not decentralisation; as the respondents in this study have correctly identified it, it should rather be termed "political marginalisation". It does not devolve power but creates peripheral nodes of power for separate ethnic groups under conditions of severe economic disadvantage.

Viable improvements to the policy of separate development can take many different forms. The form which has been suggested earlier in this chapter is one which has perhaps the advantage of taking the existing homelands, like the Ciskei, as points of departure. With the incorporation of certain adjacent developed areas such areas could immediately benefit from the existing infrastructure and the momentum of existing capital investment and job-creation. The adjacent populations, including whites, would only accede to such developments if they had firm constitutional safeguards as minorities, and retained political access via a federal system to the centre - most particularly the central budget and fiscal administration. In such a way substantially non-racial "province-states" with expanded autonomy and local powers could come into being. The prospect of any overall racial or ethnic domination could be minimised and as far as blacks are concerned, the paramount interest of the right to seek employment in the most favourable area could be guaranteed (even though they might exercise their votes through their "province"). The companion report to this one dealing with the attitudes of whites in the Eastern Province contains the conclusion that very substantial proportions of those whites are theoretically amenable to this kind of development and given strong leadership and various reassurances would accept developments along these lines.[1]

These policy suggestions are merely the views of one author, but they are grounded in the empirical results of this and other studies. Variations on these policy suggestions doubtless can be extracted from the findings. Generally the results are remarkable for the indication they offer of a wide scope in the planning of the future of South Africa and the homelands. As yet, ideologies and political paradigms have not hardened the mould of South African black political culture and expectations. It is to be hoped that our present policy-makers will take full advantage of the options which the present climate allows. This author's own experience as a researcher indicates that political consciousness is changing rapidly among blacks. No future study is likely to suggest as wide a range of options.

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[1] L. Schlemmer, Political alternatives for the Ciskei as seen by whites living in East London and smaller towns in the Eastern Cape, Report to the Ciskei Commission, Durban, October 1979. (See Appendix 13.)

**Mr. Solarz.** Did you survey the Venda people?

**Mr. Rotberg.** No.

**Mr. Solarz.** Do you have any reason to believe that the attitudes of the people in Venda and the Transkei would differ from the results you got with respect to Ciskei?

**Mr. Rotberg.** I have no reason to believe that they would be any different. Indeed, we know from the election that the people in Venda did not want independence since they voted for a party that was against independence. After that election result was in, the result was distorted.

**Mr. Solarz.** I could certainly understand why the urban people would be against independence, given some of the consequences. Why are the rural ones against it also?

**Mr. Rotberg.** They do not want to lose their rights to passports. They do not want to lose their right to employment in the urban areas, and at a level of elite feeling not mass feeling, there is a conscious thought that the Commission accepted and felt that it was very sensible, that by opting out of South Africa, the Ciskei or any other homeland, and the people of that homeland, would lose the benefits of the growth which will take place in South Africa over the short, medium, and long terms.

**Mr. Solarz.** What employment rights would they lose by virtue of being citizens of an independent homeland?

**Mr. Rotberg.** They would not necessarily lose anything at the moment but they feared in the future that they would be excluded, partly as a result of South African policies.

**Mr. Solarz.** Are any whites in the three independent homelands?

**Mr. Rotberg.** There are white residents there, but they're not considered citizens of the homelands.

**Mr. Solarz.** They're considered citizens of South Africa?

**Mr. Rotberg.** South Africa. One of the proposals of the Commission, as you know, is to draw a larger boundary and in fact include whites within the homelands.

**Mr. Solarz.** Did you sense any sentiment on the part of the whites with whom you spoke in favor of some kind of partition of the country in effect into a white homeland and let the rest of it be handled in whatever way the blacks wanted?

**Mr. Rotberg.** No. I have never sensed any sentiment in favor of partition except in a few intellectual circles. It is generally regarded by both blacks and whites as being a very second-rate solution to the problems of South Africa, and also as being wildly impractical at the present time.

**Mr. Solarz.** How many whites are there who are living in each of these three homelands? Do you have any figures on that?

**Mr. Rotberg.** A matter of thousands.

**Mr. Solarz.** Thousands?

**Mr. Rotberg.** A few thousands.

**Mr. Solarz.** How have they fared after independence? Previously they have had the protection and advances of the South African system. Now presumably they are living in an independent homeland. Apartheid no longer exists. Have they suffered in any way?

**Mr. Rotberg.** They have not suffered, to the best of my knowledge.

In fact the Rand Daily Mail a year or two ago ran photographs of happy white and black couples in Transkei, and clearly those people have benefited enormously.

Mr. **Solarz.** Has this had any impact on the whites in South Africa itself in terms of allaying or assuaging any fears that they might have for their future in a South Africa in which all of the blacks were able to participate on a more equal basis?

Mr. **Rotberg.** Mr. Chairman, I think that the next month in Zimbabwe will be more instructive, and will be regarded more instructive by whites in South Africa on this particular question than anything that could happen in the homelands, where there's immediate access to South Africa. The homelands are still in greater South Africa.

Mr. **Solarz.** I would like to ask each of you very briefly to discuss what you think the impact of Zimbabwe will be for the prospects for change in South Africa, assuming that a measure of stability is maintained and white flight does not occur and most of the white remain? Obviously, there are two schools of thought: one, that this would significantly facilitate the forces of change within South Africa, being able to point to a successful example of a multi-non-racial society on its borders. The other is to say that this will be dismissed by the Afrikaaners as irrelevant because the situations are basically very different.

Mr. **Wilkins.** If I could try to answer that and go on to try to catch a 2 o'clock train to New York, would that be all right?

Mr. **Solarz.** All right.

Mr. **Wilkins.** My sense is that had Zimbabwe turned into a bloodbath, as many people expected to occur if Robert Mugabe were elected, the prospects for a peaceful more satisfactory arrangement in South Africa would be nil. While I was there in December, Mr. Mugabe was still referred to in the newspapers, the newspapers I could see, certainly on the television and on the radio, as the terrorist Mugabe.

Mr. **Solarz.** Mr. Wilkins, we're going to have to go in 4 minutes. Those are the first bells.

Mr. **Wilkins.** My answer is simply it does not—I'm not sure that it's going to encourage an awful lot, but at least it has not been the impediment that it might have been.

Mr. **Solarz.** So that the stability and success of Zimbabwe is a necessary condition for peaceful change in South Africa?

Mr. **Wilkins.** Yes.

Mr. **Solarz.** Before you go, let me ask you quickly what we can do to facilitate change in South Africa. Do you favor or oppose a policy of mandatory disinvestment or a policy which would prohibit new investment or a mandatory Sullivan code?

Mr. **Wilkins.** I think that South Africa's major need from the West is capital. I would not—I would do everything to inhibit the flow of capital to a society which essentially oppresses black labor and black people.

May I be excused?

Mr. **Solarz.** Yes. Thank you very much for your testimony. Have a good trip back.

Mr. Visser, briefly the impact of Zimbabwe on the prospects for change in South Africa.

**Mr. Visser.** As you indicated, given the situation and should it continue in the future, I think it would have a very beneficial effect for change within South Africa. I think it would help a lot.

**Mr. Solarz.** Professor Rotberg?

**Mr. Rotberg.** Yes. Zimbabwe has already, I think the changes in Zimbabwe have already started to concentrate the minds of persons who need to talk, and I think the message of Zimbabwe as indicated in one of the most important Afrikaans newspapers, is that talking is essential. The lesson is that Zimbabwe leaders might have talked a long time ago, and that message to South Africa is clear.

**Mr. Solarz.** Right. Professor Rotberg, what would your position be on disinvestment, prohibition of new investment, mandatory imposition of the Sullivan code? Do you favor or oppose any or all of these?

**Mr. Rotberg.** Mandatory disinvestment, in my view, is impractical and does not have the policy results that I want. The inhibition of new investment will come because of conditions in South Africa, political and economic. There's already been a certain amount of inhibition.

Of course I favor strict attention to the grey areas of the embargo laws and so on.

The third point, some tighter way of making the Sullivan code effective, including mandatory methods, would be salutory. I'm not quite sure how one would do that, but certainly the Sullivan code, mild as it is, has been helpful in stimulating American and South African corporations to improve labor conditions, and it has changed the South African Government's attitude as well.

**Mr. Solarz.** Would you be against prohibiting new investment, as against disinvestment?

**Mr. Rotberg.** The disinvestment question is really not a simple matter. Prohibiting new investment over a 5-year escalating period, and linking a prohibition to specific changes, would have some potential.

My underlying point here is, one should not expect policy changes in South Africa as a result of unilateral American actions. There are no simple answers to the complex problems.

**Mr. Solarz.** Yes, that's why we're having these hearings. Undoubtedly, we'll have them for many years to come.

Mr. Visser, does the South African Foundation favor an all-parties conference that was sponsored by the government, the kind of convention that people have been talking about, to discuss the future of the country, in which representatives of all sectors of the society would be invited?

**Mr. Visser.** When you talk about a national convention, that's a politically charged thing within South Africa because of the opposing views of the different parties. We've kept out of that controversy. But we do try at every opportunity to bring people of all colors together and engage in a meaningful dialog.

**Mr. Solarz.** Does the South African Foundation favor—I gather basically you support the homelands policy, not presently in its present incarnation but as a long-term strategy for resolving the problems of South Africa?

**Mr. Visser.** It is a fait accompli. We have the facts before us. We have to try to make the best of what we've got in front of us.

Mr. SOLARZ. Do you favor a more equitable territorial dispensation within the framework?

Mr. VISSER. Yes.

Mr. SOLARZ. Given the existing territorial division, there's no real hope?

Mr. VISSER. That's right.

Mr. SOLARZ. It is inequitable?

Mr. VISSER. It is inequitable, yes.

Mr. SOLARZ. So it would have to be substantially modified?

Mr. VISSER. That is right.

Mr. SOLARZ. What do you say on Namibia? Do you advocate the South African Government basically accept the Western proposals or go it alone?

Mr. VISSER. Mr. Chairman, if you would like I would like to leave that question.

Mr. SOLARZ. All right.

Well, gentlemen, let me thank you both very much. It's been a long but I think useful hearing and I appreciate your testimony. The hearing is adjourned.

[Whereupon, at 1:30 p.m., the hearing was adjourned.]

# U.S. POLICY TOWARD SOUTH AFRICA

## Human Rights in South Africa

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TUESDAY, MAY 13, 1980

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEES ON AFRICA, AND ON
INTERNATIONAL ORGANIZATIONS,
*Washington, D.C.*

The subcommittee met at 10:40 a.m. in room 2200, Rayburn House Office Building, Hon. Stephen Solarz (chairman of the Subcommittee on Africa) presiding.

Mr. SOLARZ. The hearing of the subcommittee will come to order. Today, the Subcommittee on Africa is beginning the fourth in its series of hearings on U.S. policy toward South Africa.

We are particularly pleased today to have with us not only the chairman, but also the other members of the Subcommittee on International Organizations, who will be joining us for today's hearing on the issue of human rights in South Africa.

Congressman Bonker is chairman of that subcommittee, and he has taken a very active and productive interest in the problem of human rights throughout the world. Given the jurisdiction of his subcommittee over this question, we hold today's hearings on a joint basis.

As many are aware, the South African Government prides itself on being a bastion of democracy in sub-Saharan Africa. It points proudly to its strong democratic institutions, its free elections, its multiparty system, its century-old Parliament and its English and Dutch-based system of jurisprudence.

However, what is frequently omitted in these Government statements is that South Africa's democratic institutions are limited largely to the country's 4 million white citizens.

Under South Africa's system of apartheid, the remainder of that country's 19 million blacks and 3 million coloreds and Asians are confronted with a variety of legislative and administrative restrictions which subject them to racial discrimination, arbitrary arrest, political banishment, detention without trial and frequent violations of their fundamental political freedoms.

Although violations of human rights in South Africa are most notable in the political realm, they are by no means limited to that area. Blacks, coloreds and Asians are also denied basic economic and social rights.

Black and colored families and communities are periodically removed from one area to another to enforce racial segregation. Blacks are denied jobs and returned to their so-called homelands and reserves because they lack proper identity cards and papers. And black, colored and Asian children are given only a fraction of the opportunities and resources to improve their educational and social lot.

In an effort to obtain a better understanding of the human rights situation in South Africa and how it affects the lives of all of South Africa's citizens—both black and white—we have invited two distinguished witnesses to appear before us today.

Our first witness will be Ms. Pat Derian, Assistant Secretary of State for Human Rights and Humanitarian Affairs. Our second witness will be Mr. Millard Arnold, director of the Southern Africa project of the Lawyers' Committee for Civil Rights Under Law.

Mr. Arnold has traveled to South Africa on a number of occasions during the past few years and is the author of a book on Mr. Steve Biko.

The committee had also hoped to have a third witness, Mr. Raymond Gastil of Freedom House, but he declined our invitation to testify.

Mr. Bonker, would you like to say a few words?

Mr. BONKER. Thank you, Mr. Chairman.

I would like to begin by commending you for conducting these hearings, and in fact, for the outstanding work that you have done as chairman of the Subcommittee on African Affairs. Since assuming that position, I have noticed that most of the oppressive regimes in Africa have vanished from the scene, and majority rule has come to Zimbabwe. I think that you must take pride and satisfaction with the accomplishments that have been made on that continent.

As chairman of the subcommittee on international organizations, which has jurisdiction over human rights policies, I am pleased to join you and your fellow members in conducting these hearings.

This subcommittee has been involved with human rights issues for the past 2 years primarily on a functional basis. We have conducted hearings, and passed resolutions on the problem of disappearances. We have conducted hearings, and have had the present witnesses before us on the State Department report on human rights, and also on the U.N. Human Rights Commission, which recently concluded its work in Geneva, and I might mention for the record, that it made some notable accomplishments.

We have also conducted a series of regional hearings trying to avoid singling out various countries, but focusing exclusively on regions. We have had such hearings on human rights conditions in Asia, and in Africa, but we feel that South Africa is of particular interest, deserving of these exclusive hearings today.

I might just mention that when we discuss or take up this issue of human rights, that we should not limit ourselves just to political or civil rights, but to economic and social rights as well.

That is very much inherent in the U.S. Declaration of Human Rights, and something that we must include in any definitional approach to the issue.

The Prime Minister, P. W. Botha, perhaps summed it up best when he said recently: "We must reform or die." Now, how far reaching these reforms can realistically be, particularly in view of whites sharing power with blacks in South Africa, is really the crux of the debate that is before us.

I am very pleased, Mr. Chairman, that you have chosen as leadoff witnesses, the Honorable Pat Derian, and Millard Arnold, two of the most committed, best informed, and most articulate people that I know of on this issue.

So, it is with a great deal of pleasure that I join you in these hearings, and have the benefit of hearing this testimony here this morning.

[Mr. Bonker's prepared opening statement follows:]

### PREPARED OPENING STATEMENT OF HON. DON BONKER, CHAIRMAN, SUBCOMMITTEE ON INTERNATIONAL ORGANIZATIONS

I am pleased to be co-chairing today's joint hearing on human rights in South Africa. My good friend and distinguished Chairman of the Africa Subcommittee, Steve Solarz, is to be commended for his commitment to human rights and for his excellent leadership in helping shape a more effective U.S. policy toward Africa.

Our hearing comes at a particularly crucial period in South Africa's history. In the wake of the Soweto riots, the increasing alienation of the younger Black population, and the recent independence of Zimbabwe, various leaders from all of South Africa's racial groups are earnestly searching for ways to resolve the country's internal conflicts without resorting to massive bloodshed. The miracle of a peaceful transition to majority rule in Zimbabwe offers some hope that the racial tensions which pervade South Africa can be alleviated without the tragic type of revolution many are predicting.

To a large extent, the credibility of U.S. policies elsewhere in Africa hinge on how we relate to human rights violations in South Africa. No matter how unique some might feel circumstances in South Africa are, violations of fundamental human rights which are an inherent part of *Apartheid*, will continue to isolate South Africa from the rest of Africa, and the World. As long as *Apartheid* continues to be official policy therefore, human rights will be a crucial factor in determining how the U.S. conducts it relations with the Republic of South Africa.

Recent experiences elsewhere in the World remind us that guns alone cannot buy security. South Africa may be strong militarily, but the central question is whether it can successfully combat the cancer from within. Governments which concentrate power and economic welfare in the hands of a minority cannot survive indefinitely, particularly when this concentration is based on such an arbitrary factor as the color of one's skin. Last year, the South African Prime Minister, P. W. Botha perhaps summed it up best when he said that "We must reform or die." Of course, how far-reaching these reforms can realistically be, particularly in terms of the Whites sharing power with Blacks, is the crux of a debate currently being waged within the ruling Afrikanner Nationalist Party.

I look forward to receiving information on current trends from our witnesses and suggestions for further action. Both Pat Derian and Millard Arnold have appeared before the Subcommittee on International Organizations recently on human rights conditions elsewhere, and I very much appreciate their willingness to present their assessment of the vital matter before us today.

Mr. SOLARZ. Thank you very much, Mr. Bonker.

I have noticed that both of the witnesses have somewhat lengthy statements. They will, of course, be included in the record, and I would hope very much that you could summarize your testimony in about 10 minutes, so that we could have the maximum amount of time for questioning.

Ms. Derian.

## STATEMENT OF HON. PATRICIA M. DERIAN, ASSISTANT SECRETARY OF STATE FOR HUMAN RIGHTS AND HUMANITARIAN AFFAIRS

Ms. DERIAN. Mr. Chairman, Mrs. Fenwick—I hate to let a golden word go away, but I will stumble through.

I do thank you very much for this opportunity, particularly a joint hearing, to discuss the status of human rights in South Africa. It is a crucial and timely subject for the following reasons.

First, in recent weeks, tens of thousands of colored, that is, of mixed racial origin, students have been engaging in a massive school boycott. They are protesting against the inferior education system given them under the white-dominated apartheid system. Several hundred have been detained. The system for the South African black student is even worse.

In 1976–77, the average expenditure per black South African black student was R49, which is $73.50. Per white student, it was R654, which is $981.

Second, South Africa's policy of institutionalized and legalized racism is one of the cruelest forms of human rights abuse in the world today. Under the apartheid system, the black, colored, and Asian South African majority suffers pervasive discrimination in all areas of life. Protest against this discriminatory racial system is punishable by law.

Third, apartheid remains among the most persistent human rights abuse before the world community. The United Nations has focused on this issue from its inception. Although considerable achievements in combatting racial discrimination have taken place in many nations, including our own, there is deeply rooted resistance to change in South Africa.

Fourth, time is running out for the prospects of peaceful change in that country. Dissatisfaction and resentment on the part of black South Africans have never been more widespread than they are today.

As a result of the suppression of the Soweto demonstrations in 1976, several hundred black South Africans died; others fled to neighboring countries in search of military training or education; others were sentenced to prison terms.

Today's hearings significantly focus on the perilous human rights situation in South Africa. I hope that the recommendations resulting from these hearings will contribute to the rapid development of racial equality and respect for all human rights in that country.

The subcommittee has asked several questions. The first asks that I identify the South African laws, regulations, and procedures which result in the greatest and most serious violations of human rights in that country.

I think that rather than going into the detail that I have in answer to the first one, I will simply have to say a word about the apartheid system, which is legalized racism.

The constitution entrenches a white monopoly of political power. It is all white, and it is elected by only white people. So, that the constitution itself denies to more than 19 million blacks as well as colored and Asian South Africans the right to participate in not only the political process, but to benefit from the system of justice.

The homeland policy is another, which simply cannot be skipped over in a brief summary of the problems of South Africa.

The Government has designated 13 percent of the land area, which is scattered all about—it is not even a contiguous 13 percent—as independent homelands for 72 percent of the population. It is generally not arable, certainly less arable than any other territories in South Africa. There is very little industry or commerce in these places. There is often not even space to conduct agriculture. Nor is there adequate water.

Under the law, once a homeland gains independence, its members lose their South African citizenship. To date, three homelands have reached this so-called state of independence, and the black people assigned to them have been divested of South African citizenship.

The photographs on the board in front of me show the tragic human consequences of this policy. They were recently taken by an officer in our Bureau. These are pictures of a destroyed village of the Makgato people. Since most of the Makgato resisted moving from their longstanding home in the northern Transvaal to a desolate and arid resettlement area, in August 1978, the boundaries of the homeland that this community was in were redrawn to exclude these people.

In October 1978, the Government announced plans to relocate the people to a desolate area. On September 25, 1979, the Government forces simply marched into the place. They destroyed homes and community buildings. The people's belongings were lost, and the people were forced to go and live in another place.

This Government remains intent upon forcibly removing a neighboring and much larger community, the Batlokwa people, to the same arid resettlement area. They number 50,000 to 80,000 people. They too have substantial homes, schools and agricultural investment in the northern Transvaal. Their lives are also to suffer dislocation. They will see the destruction of their communities as a result of the homelands policy.

Black laborers who cannot subsist in the homelands and must seek work in white urban areas have no political or economic rights in any of these areas. They are relegated to the status of migrant workers in their own land.

To rigidly maintain racial separation in urban areas, the Group Areas Act defines separate residential places for all black, colored and Asian South Africans. As a result, tens of thousands of human beings have been moved into specially designated urban areas simply because they are not white.

A highly reputable private source, Black Sash, reported in February 1980, that as a result of the Group Areas Act, the homelands policy and the pass laws, over 2,115,000 people had been forcibly uprooted by 1978. At least 1,727,000 people were still to be removed and during 1979, these removals continued apace.

Influx and pass laws are used to enforce racial separation. People are obliged to produce their passbooks to demonstrate that they are entitled to be in any urban area. Arrests for pass law offense totaled 272,887 in 1978. We have a number of 1979 figures. On March 3 of this year, the Government in answer to a parliamentary question said that 119,869 people have been arrested in 1979. Our own figures are closer to 130,000, and other sources are even higher.

They have resulted in the removal of large numbers of black people from urban areas, although they entered such areas looking for an opportunity to seek work to support themselves and their families.

Mr. Chairman, you also asked about the treatment of black activists who are seeking to promote change in South Africa. South African laws do not only racially segregate black people, restrict economic opportunities, including the use of land, and bar participation in the political process, South African legislation also curtails the ability of everyone to express their views that are in opposition to the political and economic system imposed upon them.

A variety of laws ban organizations on loosely defined political grounds. The basic ones are the Internal Security Act of 1976, and the Unlawful Organizations Act of 1960. Under the latter act, the two most influential black political organizations were banned, the African National Congress and the Pan American Congress.

As a result, their members and supporters became liable for imprisonment, and many hundreds were arrested for furthering the organizations' aims, for attending meetings, for distributing pamphlets.

The Internal Security Act further enables the Government to ban individuals for activities loosely defined as a danger to state security or public order.

I think that the circumstances of banning are well known, but I might just give two examples. Black leader Thomazile Botha of Port Elizabeth was released from detention to banning, and was forced to peddle goods in the streets, since he was unable to seek gainful employment in any other way, or to operate in the public sphere at all. Mrs. Winnie Mandela and Dr. Mamphela Ramphele have been moved to remote areas, tantamount to internal exile.

Banning is no ordinary human rights abuse. As recently described by our representative to the U. N. Human rights Commission, Jerome J. Shestack, banning negates human worth in its entirety. It seeks to make a person disappear by making his human personality disappear. A banned person cannot even be quoted. There are currently 146 banned men and women in South Africa today.

In addition to the banning laws which have served to stifle and silence black African opinion, the Government is empowered to arbitrarily and preventively detain its critics. It does so with a vengence. No court may intervene by writ of habeas corpus. Visits to detainees by family or lawyers, clergy, doctors, or the press are prohibited. The Government is authorized by section 6 of the Terrorism Act to detain individuals and hold them incommunicado indefinitely. Arbitrary detention is authorized by other South African laws as well.

At present, there are about 500 men and women serving prison sentences under these main security laws; other political prisoners have been convicted under criminal laws; still others are detained. From January to November 1979, a total of 334 people were placed in detention. At least 64 of the persons detained during 1979 were known to the Institute of Race Relations to have been students. The Minister of Justice places at 48 the number of persons under 18 who were detained in 1979. Six were women.

The incommunicado interrogation of detainees has resulted in reports of systematic abuse and torture of detainees by the police. Since 1963, at least 52 persons died while detained under security laws, including 24 between March 1976 and mid-July 1978.

Tortures applied have included severe beatings, electric shocks, extracting teeth with pliers, depriving detainees of food, water, and sleep, forcing them to run on stones, and long periods of interrogation and solitary confinement.

Partly in response to the strong domestic and international reaction to the death and detention of student leader Steve Biko, there have been no known deaths of security detainees since mid-July 1978. However, this does not mean that torture and mistreatment have come to an end. The laws giving rise to such abuses and the security apparatus enforcing them remain in effect.

Thus, the incidence of torture and cruel, inhuman or degrading treatment or punishment remains an exceedingly serious problem. The Government itself does not specifically deny the use of torture. The Government in fact has paid claims arising out of assaults on detainees.

It paid $214,000 for 78 claims in 1978. In 1979, the Government paid approximately $97,500 to the family of Steve Biko. Thirty-two cases are still pending.

The third question in your letter, Mr. Chairman, was whether Prime Minister Botha's policies have resulted in any improvement in human rights of South Africans. The answer unfortunately is no; there have been no significant changes. Reliable reporting attests that it is the overwhelming opinion of black South Africans that changes effected so far have been inconsequential adjustments in an unacceptable system.

Your final question, Mr. Chairman, was what specifically the United States has done to protest human rights violations in South Africa.

At the diplomatic level, the United States has repeatly protested human rights violations to the Government of South Africa at the highest levels. In these exchanges, we have raised the practice of banning, arbitrary detention, torture, the pass laws, the forcible removals of black communities, the systematic denial of South African citizenship to black citizens, the denial of meaningful participation by all South Africans in the political process, and the lack of justice in the judicial system.

The United States also has protested the egregious abuses in South Africa publicly. Our Ambassadors at the U.N. have delivered forceful public statements on apartheid's abhorrent nature. On October 4, 1979, Secretary Vance reaffirmed that unless a system of government evolved in which all South Africans could participate equitably, our relations with South Africa would inevitably deteriorate further.

That was at a meeting of the Organization of African Unity. Vice President Mondale has affirmed this same point publicly.

In addition to private and public diplomacy, the United States imposed a voluntary arms embargo against South Africa, beginning in 1962. In 1977, the Carter administration supported the U.N.'s mandatory arms embargo. In 1978, we imposed a ban on all exports to the South African military and police, and have made sometimes effective representations to other governments to do likewise. We shall continue to do so.

There have been no sales to South Africa under the U.S. foreign military sales program since 1973. We further have tightened procedures on the commercial sale of civilian aircraft to South Africa to help assure that they will not be used for military, police or paramilitary purposes. There have been no exports of nuclear supplies or materials since 1975.

In the economic sphere, legislation was passed in 1978 to confine Export-Import Bank support to those private firms implementing fair employment practices. In consequence of this restriction, there have been no new authorizations for Exim financing for exports to South Africa since September 1978. Prior to these restrictions, the United States had halted Exim Bank financing to the government of South Africa. In 1978 and 1980, CCC credits have not been made available.

In the area of private investment, we have urged U.S. firms operating in South Africa to follow fair employment practices for black employees in accordance with the Sullivan code. I will not review the Sullivan code.

Politically and legally, the United States has refused to recognize the independent homelands, proclaimed by the South African Government. At the U.N., we have supported resolutions condemning the establishment of these independent homelands. We also have supported resolutions on South Africa's ill treatment of political prisoners, and have endorsed continuation of U.N. trust funds for South Africans.

I would note that we have been unable to support resolutions that encourage violence, or call for economic sanctions against South Africa.

We have sought to maintain ties with many elements of the black South African community, including human rights organizations and banned individuals, whom we do visit. We have dispatched Embassy observers to political trials.

We have contributed generously to United Nations funds providing educational assistance and training to black South Africans. We also have contributed funds for legal aid to prisoners, relief for their families, and assistance to black South African refugees in neighboring states.

I think that you have had a review of the international visitors program, so I will skip over that.

There is still a great deal to do in spite of this. For example, many private groups in the United States today are calling for stronger measures to combat apartheid in South Africa. They have urged broadening of the Sullivan principles and strengthening their implementation. It would be useful for this subcommittee in its hearings on the role of U.S. corporations to examine this proposal.

Private groups also have called upon the U.S. Government to disassociate itself more clearly from the South African Government through our trade and investment policies.

Specifically, they have urged the U.S. Government to curtail or halt private trade and investment to South Africa. They have called upon corporations to withdraw from South Africa. In at least two cases, corporations have done so.

It might be useful for this subcommittee to review these recommendations, which have been in public dialog for a number of years. It might be that we are approaching the time where a serious debate within the congressional milieu might be a place where some decisions could be made, because I think that there is a growing air of frustration on the part of the people who are opposed to such things, as well as on the part of the people who believe that the United States should move in this area.

It is one that confronts us in a number of human rights situations, and it is a decision that we simply have not begun to engage in outside of the public dialog, and it is one that as we move down the road, particularly in places where there are human rights improvements, these decisions are going to have to be made.

The question came up about Chile, for instance. I do not think that we ought to do any existential, quick reaction. I think that we need a long, serious discussion, because it cuts into a very important part of the society, but it is a question that is just hanging there all along.

I am not making any recommendation beyond the fact that we ought to get our teeth into this, and start thinking about what we are about.

In conclusion, Mr. Chairman, our policies must encourage rapid, peaceful and significant change in South Africa. It is incumbent upon the United States, consistent with its obligations under the U.N. Charter, and its obligation to itself, to continue to seek respect for the rights of all South Africans to participate in the political process of South Africa without distinction based on race.

The Government of South Africa will remain in violation of its human rights obligations under the Charter as long as this participation is denied. We further must persist vigorously to seek an end to the use of violence and force by the Government of South Africa to maintain apartheid. Such practice could in turn lead to a resort to violence by the victims of apartheid.

We look forward, Mr. Chairman, to a South Africa, in which race, creed, or color form no basis for distinction and in which fundamental human rights and freedoms are guaranteed to all.

Thank you. I am afraid that I went over a little. I apologize.

[Ms. Derian's prepared statement follows:]

### PREPARED STATEMENT OF HON. PATRICIA M. DERIAN, ASSISTANT SECRETARY FOR HUMAN RIGHTS AND HUMANITARIAN AFFAIRS, DEPARTMENT OF STATE

Mr. Chairman, I thank you for affording me the opportunity to address this joint subcommittee hearing on the status of human rights in South Africa. It is a crucial and timely subject for the following reasons:

First, in recent weeks, tens of thousands of colored (mixed racial origin) students have been engaging in a massive school boycott. They are protesting against the inferior education system given them under the white-dominated apartheid system. Several hundred have been detained. The system for the South African black student is even worse. In 1976–77, the average expenditure per black South African student was R40; per white student, R654.

Second, South Africa's policy of institutionalised and legalized racism is one of the cruelest forms of human rights abuse in the world today. Under the apartheid system, the black, colored and Asian South African majority suffers pervasive discrimination in all areas of life. Protest against this discriminatory racial system is punishable by law.

Third, apartheid remains among the most persistent human rights abuses before the world community. The United Nations has focused on this issue almost from its inception. Although considerable achievements in combatting racial discrimination have taken place in many nations, including our own, there is deeply rooted resistance to change in South Africa.

Fourth, time is running out for the prospects of peaceful change in that country. Dissatisfaction and resentment on the part of black South Africans have never been more widespread than they are today. As a result of the suppression of the Soweto demonstrations in 1976, several hundred black South Africans died; others fled to neighboring countries in search of military training or education; others were sentenced to prison terms.

Today's hearings significantly focus on the perilous human rights situation in South Africa. I hope that the recommendations resulting from these hearings will contribute to the rapid development of racial equality and respect for all human rights in that country.

The Subcommittee has asked several questions. The first asks that I identify the South African laws, regulations and procedures which result in the greatest and most serious violations of human rights in that country.

I would begin by emphasizing that apartheid is a system of legalized racism. It is a web of discriminatory laws and practices by which sixteen percent of the population dominate eighty-four percent of the population. Let us start with the Constitution. It entrenches a white monopoly of political power in a parliament whose membership is all white and elected by whites only. The parliament is the supreme lawmaking authority. Thus, the Constitution itself denies to more than nineteen million black as well as colored and Asian South Africans the right to participate in the political process which ultimately governs them.

Let us look also at the Government's "homeland" policy. Perhaps the most explosive single issue in South Africa today, the homelands legislation is serving to forcibly relocate substantial numbers of the black population and divest all black South Africans of their citizenship. Black South Africans comprise seventy-two percent of the population. The Government has designated thirteen percent of the land as "independent" homelands for this seventy-two percent of the population. The thirteen percent of the land designated is generally the less arable and removed in large part from advanced centers of commerce and industry. In the homelands, there is often neither space nor water to conduct agriculture. There is often no industrial development to provide jobs. Under the law, once a homeland gains "independence," its members lose their South African citizenship. To date, three homelands have reached independence and the black people assigned to them have been divested of citizenship. When the Government grants independence to all the homelands, South Africa will no longer have any black citizens. Thus, black men, women and children, who have lived all of their lives in South Africa, people whose families before them have lived in South Africa suddenly find themselves stripped of their citizenship and dumped into resettlement areas where they cannot find jobs and where they do not necessarily want to reside.

The photographs on the board in front of me show the tragic human consequences of this policy. They were recently taken by an officer in the Bureau of Human Rights and Humanitarian Affairs. These are pictures of a destroyed village of the Makgato people. Since most of the Makgato resisted moving from their long-standing home in the Northern Transvaal to a desolate and arid resettlement area in Kromhoek, government forces entered the community in September 1979, destroyed buildings and removed their belongings. Thus, a community of 500 families, who had developed substantial homes, a school and prosperous farms, have been forced to leave their property, their homes, their community because they are black and because they were located in areas designated as white by the Government of South Africa.

Similarly, this Government remains intent upon forcibly removing a neighboring and much larger community, the Batlokwa people to the same arid resettlement area. They number 50,000–80,000. They too have substantial homes, schools and agricultural productivity in the Northern Transvaal. Their lives are also to suffer from the dismantling and the destruction of their communities as a result of the homelands policy.

Black laborers who cannot subsist in the homelands and must seek work in white urban areas have no political or economic rights in these areas. They are relegated to the status of migrant workers in their own country. Their families are not allowed to live with them; they must remain in the homelands, often great distances away. The human suffering involved in these forcible family separations is one of many cruel consequences of the homelands legislation.

To rigidly maintain racial separation in urban areas, the Group Areas Act defines separate residential places for all black, colored and Asian South Africans. As a result, tens of thousands of human beings have been moved into specially designated urban areas because they are not white. In 1979 alone, 2,317 colored families and 819 Indian families were moved out of their homes as were nine white families who found themselves forced to leave their homes to satisfy the apartheid policy. Most of the black South Africans at Crossroads had been moved more than once before they created that threatened community.

A highly reputable private source, Black Sash reported in February 1980 that as a result of the Group Areas Act, the homelands policy and the pass laws, over 2,115,000 people had been forcibly uprooted by 1978. At least 1,727,000 people were still to be removed and during 1979 these removals continued apace.

Influx and pass laws are used to enforce racial separation. Under these laws, known as one of the most despised requirements of the apartheid system, black people over the age of sixteen are required to carry reference books at all times. They must produce them to demonstrate that they are entitled to be in any urban area. Arrests for pass law offenses totalled 272,887 in 1978 and 119,869 in 1979. They have resulted in the removal of large numbers of black people from urban areas, although they entered such areas looking for economic opportunities otherwise denied them.

Mr. Chairman, you also asked about the treatment of black activists who are seeking to promote change in South Africa. South African laws do not only racially segregate black people, restrict economic opportunities, including the use of land, and bar participation in the political process. South African legislation also curtails the ability of everyone to express their views that are in opposition to the political and economic system imposed upon them. Restrictions are placed on their right to publish, to assemble, to form organizations, and to lobby, in sum to peacefully affect the white political process.

A variety of laws ban organizations on loosely defined political grounds. The basic ones are the Internal Security Act (1976), previously called the Suppression of Communism Act, and the Unlawful Organizations Act (1960). Under the latter Act, the two most influential black political organizations were banned, the African National Congress and the Pan African Congress. As a result, their members and supporters became liable for imprisonment, and many hundreds were arrested for furthering the organizations' aims, for attending meetings, for distributing pamphlets.

The Internal Security Act further enables the Government to ban individuals for activities loosely defined as a danger to state security or public order. Banned individuals are restricted in their freedom of expression, association and movement. They are prohibited from publishing or making public statements. They are restricted to a particular area. They are forbidden to meet with others. They must periodically report to the police. In some instances, they have been prohibited from carrying on their occupation. For example, black leader Thomazile Botha of Port Elizabeth, released from detention to banning, was forced to peddle goods in the street. Mrs. Winnie Mandela and Dr. Mamphela Ramphele have been moved to remote areas, tantamount to internal exile.

Banning is no ordinary human rights abuse. As recently described by our Representative to the U.N. Human Rights Commission, Jerome J. Shestack, banning negates human worth in its entirety. It seeks to make a person disappear by making his human personality disappear. A banned person cannot even be quoted. There are currently 146 banned men and women in South Africa.

Generally, banning orders are imposed for a two or five year period arbitrarily by the Minister of Justice. Frequently they are renewed. Under the law, the Minister is not required to give any grounds for his banning decision and there is no judicial review.

In addition to the banning laws which have served to stifle and silence black African opinion, the Government is empowered to arbitrarily and preventively detain its critics. A variety of security laws provide the state with extraordinary powers to detain persons without charge, in some cases indefinitely. Section Six of the Terrorism Act (1967) authorizes the government to detain individuals and hold them incommunicado indefinitely. No court may intervene by writ of habeas corpus. Visits to the detainee by family, lawyers, clergy, doctors or the press are prohibited.

Arbitrary detention is authorized by other South African laws as well, among these the Internal Security Act and the Sabotage (General Law Administration) Act.

At present, there are about 500 men and women serving prison sentences under these main security laws; other political prisoners have been convicted under criminal laws; still others are detained. From January to November 1979, a total of 334 people were placed in detention. At least 64 of the persons detained during 1979 were known to the Institute of Race Relations to have been students. The Minister of Justice places at 48 the number of persons under 18 that were detained in 1979. Six were females.

The incommunicado interrogation of detainees has resulted in reports of systematic abuse and torture of detainees by the police. Since 1963, at least 52 persons died while detained under security laws, including 24 between March 1976 and mid-July 1978. Tortures applied have included severe beatings, electric shocks, extracting teeth with pliers, depriving detainees of food, water and sleep, forcing them to run on stones, and long periods of interrogation and solitary confinement. Partly in response to the strong domestic and international reaction to the death and detention of student leader Steve Biko, there have been no known deaths of security detainees since mid-July 1978. However, this does not mean that torture and mistreatment have come to an end. The laws giving rise to such abuses and the security apparatus enforcing them remain in effect.

Thus, the incidence of torture and cruel, inhuman or degrading treatment or punishment remains an exceedingly serious problem. The Government itself does not completely deny the use of torture. The Government in fact has paid claims arising out of assaults on detainees. It paid $214,000 for 78 claims in 1978. In 1979, the Government paid R65,000 to the family of Steve Biko. Thirty-two similar cases are pending. Its attitude perhaps is reflected in the statement by Justice Minister Kruger in response to the Biko case: "I am not sorry about Mr. Biko. He leaves me cold."

The result of this Governmental determination to repress black activists is that black leaders who have standing in the black community and probably could influence events in a moderate and lawful direction continue to be detained, banned or imprisoned. Such policies surely serve to heighten anger and bitterness and drive black South Africans to violence in their struggle for their legitimate rights. This repressive treatment for peaceful change has led many black activists to leave South Africa to seek military training.

The third question in your letter, Mr. Chairman, was whether Prime Minister Botha's policies have resulted in any improvement in human rights of South Africans. The answer unfortunately is no; there have been no significant changes. Reliable reporting attests that it is the overwhelming opinion of black South Africans that changes effected so far have been inconsequential adjustments in an unacceptable system.

The Botha Government has allowed a relaxation of certain segregation measures, including an easing of restrictions against multi-racial sports, the removal of "white only" signs from some public places, and the opening of certain desegregated hotels, theatres and municipal buildings. Small numbers of black students have been admitted to white universities. The changes thus have been limited to opening up institutions and privileges reserved exclusively for whites to limited numbers of blacks. They have not taken the form of change in the basic laws; they are merely exemptions, often on an *ad hoc* basis.

The Prime Minister has promised to review discriminatory legislation, for example laws limiting the amount of land available for Africans, as well as the Immorality Act and the Mixed Marriages Act which prohibit sexual relations between white and black. The Government also has indicated willingness to engage in dialogue with black, colored and Asian leaders. In 1979, a government commission recommended major changes in labor laws affecting blacks. However, few results have emerged. New labor legislation perpetuates ultimate government control of black labor organizations. With regard to the Immorality Act, I would note that during 1979, 299 persons were prosecuted under this Act, and 222 convicted; 46 await trial.

In sum, for black South Africans, there has been little or no change in existing patterns of discrimination. None of the measures have made any real change in the overall pattern of apartheid. Black South Africans remain excluded from the political process and continue to be denied their basic human rights.

Certainly, we hope, Mr. Chairman, that meaningful steps will be taken and that the considerable debate in the white community on the apartheid system will lead to concrete actions to end discrimination and afford participation for all black citizens in the political life of the nation. Otherwise the deepening frustration at the lack of substantial change will increase an already polarized political situation and increase the prospect for violent convulsion.

Your final question, Mr. Chairman, was what specifically the U.S. has done to protest human rights violations in South Africa.

The U.S. Government has continued to underscore our opposition to the apartheid system in South Africa.

At the diplomatic level, the U.S. has repeatedly protested human rights violations to the Government of South Africa at the highest levels. In these exchanges, we have raised the practice of banning, arbitrary detention, torture, the pass laws, the forcible removals of black communities, the systematic denial of South African citizenship to blacks, the denial of meaningful participation by all South Africans in the political process, and the lack of justice in the judicial system.

The U.S. also has protested the egregious abuses in South Africa publicly. Our Ambassadors at the United Nations have delivered forceful public statements on apartheid's abhorrent nature. On October 4, 1979, speaking before Ambassadors and Ministers of the Organization of African Unity, former Secretary Vance reaffirmed that unless a system of government evolved in which all South Africans could participate equitably, our relations with South Africa would inevitably deteriorate. Vice President Mondale has affirmed this same point publicly.

In addition to private and public diplomacy the U.S. imposed a voluntary arms embargo against South Africa, beginning in 1962. In 1977, the Carter Administration supported the United Nations mandatory arms embargo on South Africa. In 1978, we imposed a ban on all exports to the South African military and police, and have made sometimes effective representations to other Governments to do likewise. We shall continue to do so. There have been no sales to South Africa under the U.S. foreign military sales program since 1973. We further have tightened procedures on the commercial sale of civilian aircraft to South Africa to help assure that they will not be used for military, police or paramilitary purposes.

There also have been no exports of nuclear supplies or materials to South Africa since 1975. We have made it clear that resumption of peaceful nuclear cooperation would depend on South Africa's agreement on the non-proliferation treaty and safeguards issues.

In the economic sphere, legislation was passed in 1978 to confine Export-Import Bank support to those private firms implementing fair employment practices. In consequence of this restriction, there have been no new authorizations for Exim financing for exports to South Africa since September 1978. Prior to these restrictions, the U.S. had halted Exim Bank financing to the Government of South Africa.

In 1979 and 1980, CCC credits have not been made available to South Africa.

In the area of private investment, we have urged U.S. firms operating in South Africa to follow fair employment practices for black employees in accordance with the Sullivan Code. The Sullivan principles set reasonable standards for corporate conduct in South Africa. They have sought to involve the business community in promoting economic opportunities for blacks. The Sullivan principles call for improvements in wages, working conditions, fringe benefits and advancement opportunities for black workers. They also support recognition of representative black trade unions. To date, more than 130 companies have subscribed to the Sullivan principles, representing 75 percent of the work force on the payrolls of U.S. corporations doing business in South Africa. Certainly, those American firms which have not implemented the Sullivan Code are not acting in accordance with the thrust of United States policy. It is noteworthy that as a result of the Sullivan initiative, similar codes of conduct have emerged from other nations and some South African corporations too have agreed to implement these principles.

Politically and legally, the U.S. has refused to recognize the independent homelands, proclaimed by the South African Government.

At the United Nations, we have supported resolutions condemning the establishment of these independent homelands. We also have supported resolutions on South Africa's ill-treatment of political prisoners, and have endorsed continuation of U.N. trust funds for South Africans. I would note that we have been unable to support resolutions that encourage violence, or call for economic sanctions against South Africa.

We have sought to maintain ties with many elements of the black South African community, including human rights organizations and banned individuals. We have dispatched Embassy observers to political trials.

We have contributed generously to United Nations funds providing educational assistance and training to black South Africans. We also have contributed funds for legal aid to prisoners, relief for their families, and assistance to black South African refugees in neighboring states.

Through the Visitors Program of the International Communications Agency, we have brought approximately 50 South Africans annually to the U.S. Twenty-five Americans in turn have visited South Africa. By means of this program, we have demonstrated our support for black South Africans seeking change; we have encouraged white South Africans to recognize the need for change. The program's effectiveness is perhaps evidenced by the South African Government's refusal on occasion to grant passports to some of the black grantees. We have vigorously protested these actions.

In sum, the United States has undertaken a variety of measures to influence and persuade South Africa to change its policies. There is still a great deal to do.

For example, many private groups in the U.S. today are calling for stronger measures to combat apartheid in South Africa. They have urged broadening of the Sullivan principles and strengthening their implementation. It would be useful for this Subcommittee in its hearings on the role of U.S. corporations to examine this proposal. Private groups also have called upon the U.S. Government to dissassociate itself more clearly from the South African Government through our trade and investment policies. Specifically, they have urged the U.S. Government to curtail or halt private trade and investment to South Africa. They have called upon corporations to withdraw from South Africa. In at least two cases, corporations have done so. It might be useful for this Subcommittee to review these recommendations too. Private groups also have urged the U.S. to consider if there are any circumstances whereby it could support economic sanctions against South Africa in the U.N. To date, the U.S. has limited its support of sanctions to our expanded arms embargo.

In conclusion, Mr. Chairman, our policies must encourage rapid, peaceful and significant change in South Africa. It is incumbent upon the United States, consistent with its obligations under the U.N. Charter, to continue to seek respect for the rights of all South Africans to participate in the political process of South Africa without distinction based on race. The Government of South Africa will remain in violation of its human rights obligations under the Charter as long as this participation is denied. We further must persist vigorously to seek an end to the use of violence and force by the Government of South Africa to maintain apartheid. Such practices could in turn lead to resort to violence by the victims of apartheid. We look forward, Mr. Chairman, to a South Africa in which race, creed or color form no basis for distinction and in which fundamental human rights and freedoms are guaranteed to all.

Thank you.

Mr. SOLARZ. Thank you, Ms. Derian, for your testimony.

Mr. Arnold, I see that you have submitted a very comprehensive statement on the human rights situation.

I do hope that you will be able to summarize your views. Your testimony will be included in the record.

## STATEMENT OF MILLARD ARNOLD, DIRECTOR, SOUTHERN AFRICA PROJECT, LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW

Mr. ARNOLD. Thank you, Mr. Chairman.

On behalf of the Lawyers' Committee for Civil Rights Under Law, I would like to express to you, Mr. Chairman, and to you, the members of the Subcommittee on Africa, and the Subcommittee on International Organizations, our appreciation for affording us this opportunity to testify before you today on the subject of human rights in South Africa.

In 1967, the International Commission of Jurists conducted a study of South Africa, and concluded that "where racial discrimination is the basis of society, and it is supported by otherwise formally valid law, the legislation ceased to be based on justice."

Thirteen years have passed, and yet that statement about South Africa and its legal system could be issued today.

In our prepared statement, we have sought to examine South Africa's use of its security legislation to suppress dissent, but more importantly we have examined the distorted effects that this security legislation has had on the administration of justice in South Africa.

For example, warrants of arrest have been waived; wide powers of search have been conferred on the police; the right to be brought before a court within 48 hours has been replaced by indefinite detention for purposes of interrogation; access to counsel has been excluded during detention; the police, at their discretion, are empowered to select the venue of the trial; examination before trial has been abolished; bail is virtually impossible; the rules against the splitting of charges have been set aside; the scope for joinder of charges in persons has been widened; the proof of documents has been facilitated, and last, but perhaps most importantly, the onus of proof has been placed on the defendant to prove his or her own innocence.

The South African Government has justified its security legislation as an attempt to insure the stability and security of the Republic. Yet law, in and of itself, cannot create order. Law enforcement rests on the consent of the governed, a belief on the part of the citizens of the state, that the laws of the state are enacted with the purpose of furthering the evolution of human dignity.

It is not repressive legislation that insures order, stability, or security. It is the consent of the governed, and their respect for just laws.

Apartheid represents the systematic denial, the conscious negation of the concept of human rights. That the legal system of South Africa should be employed in the active denial of human rights, destroys whatever respect individuals have for the sanctity of the law, and indeed gives rise to people of conscience, who have little choice but to defy such laws.

Nelson Mendela, a lawyer and a leader of the banned African National Congress, currently in prison for life on Rdoben Island, said as he was sentenced, that—

> I regard it as a duty that I owed not to just my people, but also to my profession, to the practice of law, justice for all mankind, to cry out against this discrimination, which is essentially unjust. I believe that taking up a stand against this injustice, I was upholding the dignity of what should be an honorable profession.
>
> The law as it is applied, the law as it is written and designed by the Nationalist government, is a law, which in our view, is immoral, unjust, and intolerable. Our conscience dictates that we must protest against it, that we must oppose it, that we must attempt to alter it.

It is reprehensible that law should become the instrument of oppression, the means of injustice. It is reprehensible because an individual ought not be forced to choose between law and morality. When such occurs, conscience dictates only one choice. Morality conveys a sense of duty to obey the law, and in turn the government which promulgated the law.

Morality also dictates that when law is at odds with justice, when law is designed to repress the human spirit, then there is no obligation for obedience, and indeed, there is every moral obligation for disobedience.

Mr. Bonker. Did you get that from Jefferson?

Mr. Arnold. No; it is mine.

This threat of revolution, whether morally or politically inspired, looms ominously over the future of South Africa. Under Prime Minister P. W. Botha, South Africa is groping with ways and means to diffuse this threat, while maintaining white control.

The Government is in the process of designing political alternatives that are expected to relax and in turn release the potentially awesome, combustive pressures of black revolt. On the other hand, there is the massive fear of the Government, that it will be powerless to control the rate or direction of change once the process of transformation begins.

Under such circumstances, one can expect that as the process unwinds, any dissent, any unrest, any action that is perceived by the Government of having the effect of starting a disturbance, is going to be suppressed, ruthlessly, if necessary.

Following Robert Mugabwe's stunning victory in Zimbabwe, and that country's return to majority rule, South Africa finds itself isolated internationally as the last bastion of white rule in Africa. Another Soweto, and the world community is certain to vote economic sanctions against it.

Aware of this threat, the South African Government has thus far responded with remarkable restraint in handling the student unrest in the Cape Province. This is particularly so when contrasted with the Government's response 4 years ago in Soweto.

Paradoxically, South Africa finds itself having to suppress dissent in order to avoid an explosion, and yet, that very suppression of dissent may be the spark that fires the revolution.

The outlook for human rights, for freedom from repression, is unfortunately destined to grow dimmer. Initially, the Government will handle dissenters with constraint and moderation. That will not, however, absent major political and economic change be enough. Such change is not immediately foreseeable. Disturbances will continue to grow. There will be, in turn, more detentions, more bannings, more political trials, as the Government fights to control the burgeoning unrest.

Obviously, there will be torture and police brutality, but in all likelihood, there will not be another death in detention, certainly not that of anyone influential.

As the repression grows more intense, there will develop more urban raids, more spontaneous uprisings, and in turn, far harsher Government repression. In the end, it is likely that meaningful change will not occur fast enough, the remnants of the legal system will be manipulated, or outright circumvented, and South Africa will slide into the protracted guerrilla warfare that has so often been predicted.

The only question is one of time and political will. Is there enough time and political will left in South Africa to implement the necessary changes before whatever time remains runs out?

Mr. Chairman, 2 years ago, I testified before this subcommittee, and I closed my remarks then with what I would like to close them with today.

Mr. Chairman, the denial of human rights in South Africa is all made possible by a network of laws blending into a pattern aimed at stifling all legitimate dissent. A systematic denial of the basic equality of human beings. A legislative infringement on the very essence of human dignity, a judicial endorsement on the quality of human life.

Sadly, those laws reflect a society afraid to be free and fearful of liberty; a society uneasy with justice and cowed by equality. Sadly, they reflect a society that does not have to be.

Thank you very much.

[Mr. Arnold's prepared statement follows:]

# PREPARED STATEMENT OF MILLARD W. ARNOLD, DIRECTOR, SOUTHERN AFRICA PROJECT, LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW

## INTRODUCTION

Human rights are, or at least should be, the fullest expression of mankind's concern for humanity. It is an awareness of the fundamental conditions of existence necessary within a society to further the growth of human dignity. Societies are created for the elevation of mankind from a state of mere survival to a state cognizant and respectful of the inherent dignity and equality of all its members. Laws are enacted by a society to continue societal development and to facilitate harmonious relations between individuals. In a society where laws represent the consent of those governed by them, the law serves as a guardian of order and an advocate for change.

This has not happened in South Africa. Rather than further human rights, the legal system of South Africa has been unwillingly manipulated into a vehicle for the suppression of human rights. In any society, the legal system plays a significant role in the promotion or suppression of justice. It is an institution created by the state, and when used by the state for domination, it is a proper subject for scrutiny.

What follows is an attempt to examine South Africa's use of law as a means of suppression, as well as the distortion of the role of the court in the administration of justice.

OVERVIEW

Since the ascendancy of the National Party to power on May 26, 1948, the government of South Africa has pursued a policy of rigid racial discrimination known the world over as apartheid. The policy of apartheid permeates virtually every institutionalized aspect of South African life whether the institution is social, religious, political or economic. The legal system of South Africa is no exception. Indeed, the laws that have been promulgated by the South African Parliament and administered by the South African courts have had the effect of facilitating the systematic and institutionalized denial of fundamental human rights to the vast majority of South Africans -- black as well as white.

The denial of human rights has had the greatest impact on the lives of countless millions of black South Africans. However benevolent their intentions, the architects of apartheid have designed a system aimed at furthering white domination by dividing South Africa on the basis of race. To the white minority flow the benefits of power, privilege and wealth; for the black majority there is poverty, persecution and worthlessness. The effects of apartheid have:

> '. . . created a rigid caste society unique in the world of today. There are many countries where racial prejudice exits, and some where racial discrimination is practiced, but it is only in

> South Africa that discrimination based on race or colour is enforced by law and officially entrenched by the organs of political and economic power as an essential and permanent part of national policy. The overriding criterion applied to determine the place of a man in the life of his country is his race as determined by law. An arbitrary system of racial classification confines a person to membership in either the white or one of the black groups, and the groups are mutually exclusive except for association in a master-servant relationship. Law has created rigid barriers that separate the different groups. Public policy sedulously buttresses these barriers and under combined legal and social pressures they have become virtually impassable. Above all, to be classified as white is to be recognized as dominant and superior; classification as black is equated with subordination and inferiority. . . At the very core of South Africa's social structure is the stigma of racial inferiority. To be denied the capacity for complete self-fulfilment as a human being . . . .'
> (Leslie Rubin & Brian Weinstein, Introduction to African Politics: A Continental Approach, 2nd ed., N.Y., 1977, p. 112)

No one can realistically expect that the masses of oppressed people in South Africa will continue to accept a society structured on the deliberate and systematic denial of their fundamental human rights. No one has understood this better than those in power in South Africa. Yet rather than enact legislation that would further human dignity and ameliorate the bitter polarization between blacks and whites the South African Parliament has over the years passed legislation the prinicipal purpose of which is to maintain white domination. Collectively known as the security legislation, these statutes have had the effect of virtually unravelling the rule of law in South Africa. The South African government has justified its security legislation as an attempt to insure the stability and security of the Republic. However, it is not repressive legislation that insures order, stability or security. Effective law enforcement is dependent on the consent of those governed and their respect for just laws.

## SECURITY LEGISLATION

### a) Chronological synopsis of relevant legislation

In December 1956, 156 political figures of all races representing organizations comprising the Congress Alliance were arrested and held in Johannesburg. The "Treason Trial" as it was called, opened in Pretoria in August 1958 after charges against 65 of the accused were withdrawn. The main charge against the remaining 91 defendants was that of high treason coupled with two alternative charges under the Suppression of Communism Act. After argument, the first alternative charge was quashed, the second withdrawn and finally in October 1958, the prosecution withdrew the indictment completely.

A new indictment was then framed against 30 of the accused in 1959, the essence of which was an allegation of conspiracy to overthrow the state by violence and substitute another form of state. In March 1960, the prosecution completed its case but a state of emergency was declared following the death of 69 Africans who were shot by the police at Sharpeville. In March 1961, the Special Criminal Court unanimously acquitted the accused holding that the prosecution had failed to show that the policy of the African National Congress (ANC) and hence of the Congress Alliance was to overthrow the state. For the government, the cost of this trial was enormous both financially and politically. Financially, it cost the state R414,078. Politically, it signalled the last attempt the government would make to work within the then existing framework of the South African legal system. By 1961, John Vorster had been named Minister of Justice. It was his belief that the Treason Trial had been lost by the state because of legal technicalities which operated in favor of the accused. To insure a more favorable courtroom climate and to counter the mounting political unrest, Mr. Vorster sponsored legislation designed to suspend habeus corpus and give the police wide power of detention and interrogation. This was the beginning of South Africa's infamous security legislation. As a result, the highly regarded South African legal system saw its finely balanced rules of criminal procedure distorted in such a fashion that the administration of justice was, at least in political cases, in the firm control of the police.

The major features of the security legislation are:

- Individuals may be held in any place for any length of time in complete secrecy without ever being brought to trial;
- The creation of widely defined crimes such as "terrorism" which carry the death sentence;

- The exclusion of the court's jurisdiction in relation to the detention of political suspects in policy custody;
- The establishment of minimum sentences for political offenses;
- The abolishment of preliminary hearings in major political trials;
- The shifting of the burden of proof to the accused so that he must prove his innocence beyond a reasonable doubt;
- The creation of capital offenses with retrospective operation;
- The empowering of the prosecution to order the detention of witnesses in solitary confinement and
- The empowering of the Minister of Justice to curtail an individual's movement and limit his freedom merely at the Minister's discretion.

The essential statutes which form the basis of South Africa's security legislation are set forth below:

1950 Suppression of Communism Act, No. 44 of 1950. The principal purpose of the Act was to suppress the Communist Party. After a number of amendments it was renamed the Internal Security Act in 1976.

1953 Public Safety Act, No. 3 of 153. This Act was passed in order to end the passive resistance campaign promoted by the African National Congress against discriminatory legislation. This statute empowers the government to declare a state of emergency when it considers public safety to be threatened, and, pursuant to Section 3, to issue such emergency regulations as it considers "necessary or expedient for providing for the safety of the Public." In 1960 at Sharpeville, the police fired on a number of Africans protesting the carrying of passes. Sixty-nine were killed, prompting the government to declare a state of emergency under this Act. The government also issued regulations which permitted arrest without warrant and detention without trial. This emergency continued for 156 days during which 11,503 persons were held.

1953 Criminal Law Amendment Act, No. 8 of 1953. Enacted so as to prevent civil disobedience campaigns in South Africa. Sections 1 and 2 of the Act makes it an offense to violate any law "by way of protest against any law, in support of any campaign for the repeal or modification of any law or the variation or limitation of the application or administration of any law." The penalties for such an offense are a fine not exceeding R600 or imprisonment for a period not exceeding three years and for a whipping not exceeding ten strokes. Any person who encourages, or uses language calculated to cause others to commit an offense by way of protest is subject to a fine not exceeding R1,000 or imprisonment for a period not exceeding five years and/or a whipping not exceeding ten strokes.

1956 Riotous Assemblies Act, No. 17 of 1956 as amended by Act 30 of 1974. Passed initially to prohibit gatherings in a public place of twelve or more persons, the Act was frequently evaded by holding meetings on private premises or by limiting those attending to eleven. Section 2(1) of the 1974 amendment permits a magistrate to prohibit any gathering for a period not exceeding 48 hours if he has reason to apprehend that public peace would be seriously threatened by an assembly of persons. Sections 2(3) and (4) permit the Minister of Justice to prohibit any gathering in order to maintain public peace or to prevent the engendering of racial hostility with no limitation on the duration of the prohibition. Section 1 defines a "gathering" as "any gathering, concourse or procession of any number of persons." Section 3(5) empowers the Minister of Justice to prohibit any person from being in any area when he is satisfied that such person is "promoting feelings of hostility between the European inhabitants of the Republic on the one hand and any other section of the inhabitants of the Republic on the other." Section 4 states that any person banished from a particular area under this statute is not entitled to a hearing by the Minister before the order is made, nor is he permitted to appeal against the order to a court of law. The most notable person to be restricted under the provisions of this Act was the late Chief Albert Luthuli, winner of the 1961 Nobel Peace Prize.

1960 The Unlawful Organizations Act, No. 34 of 1960. In the aftermath of Sharpeville this act was passed so as to ban the African National Congress (ANC) and the Pan Africanist Congress (PAC). This Act read in conjunction with Section 3 and 11 of the Internal Security Act subjects a person to one to ten years imprisonment for being, becoming or continuing as a member of any banned organization, taking part in any of their activities or performing any act which is calculated to further the achievements of any of the objects of the ANC or PAC or, pursuant to Section 15 of the General Law Amendment Act 37 of 1963, "objects similar to the objects of any such organization."

1962 General Law Amendment Act, No. 76 of 1962, commonly known as the "Sabotage Act." In the early 1960's following the defiance campaigns of 1952-1953, Sharpeville, the banning of the ANC and PAC, organizations which had previously rejected violence as a political weapon, resorted to sabotage to induce the government to introduce reforms. In order to cope with this new violence, Parliament enacted the Sabotage Act. Under Section 21 of this statute, the prosecution is obliged to prove the commission of a wrongful and willful act by the accused whereby he injured or endangered certain public services, traffic movement, or the maintenance of law and order. The accused is prima facie guilty of sabotage unless he can prove on a balance of probabilities that the act in question, "objectively regarded," was not intended to produce any one of a number of consequences, which include the furthering of "the achievement of any political aim, including the bringing about of any social or economic change in the Republic," the furthering of "feelings of hostility between different sections of the population of the Republic," or the embarrassment of the administration of the affairs of state. The Attorney General is empowered to direct that a person charged with sabotage be tried summarily in a Superior Court.

1963 General Law Amendment Act, No. 37 of 1963. Section 17 of the Act introduced the "90-day Detention Law" which empowered a senior police officer to arrest without warrant and detain any person whom he suspected upon reasonable grounds of having committed or having information about the commission of the crime of sabotage or offences under the Suppression of Communism Act or the Unlawful Organizations Act. A detainee was held for the purpose of interrogation until he had, in the opinion of the Commissioner of the South African Police, replied satisfactorily to all questions or for "ninety days on any particular occasion." A 90-day

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detainee was to be visited each week by a magistrate, but he was not permitted to receive any other visitors or to see his legal adviser. It also provided that "no court shall have jurisdiction to order the release from custody of any person so detained." The 90-day detention law was withdrawn on 11 January 1965. During this period 1,095 were held of whom only 575 were charged. There were serious allegations of assaults upon detainees and the first three of what would be many, died while in detention under this law. The Act also introduced the "Sobukwe clause," because it was enacted specifically to curtail the freedom of Robert Sobukwe, leader of the PAC. Section 4 authorized the continued imprisonment of a person serving a sentence for a political offense after the expiration of his sentence, where the Minister of Justice was satisfied that the person was "likely to advocate, advise, defend or encourage the achievement of any of the objects of communism" upon his release.

1964 General Law Amendment Act, No. 80 of 1964. This Act amended the Criminal Procedure Act, No. 56 of 1955 to provide that an accomplice or any other state witness may "be compelled to be sworn" as a witness and answer incriminating questions. Under Section 29, refusal to testify subjects a witness to five years' imprisonment which may be renewed in the event of continued non-cooperation. A witness may refuse to testify for a "just excuse," but the Appellate Division in State v Weinberg, 1966 (4) S.A. 660(A.D.), has held that third degree methods of interrogation by the Security Police do not afford a "just excuse."

1965 Criminal Procedure Amendment Act, No. 96 of 1965. Section 7 of this Act added to the Criminal Procedure Act, No. 56 of 1955 a new provision, section 215 bis, which was enacted to replace the 90-day Detention Law. Under this section, the Attorney General was authorized to order the arrest and detention of "any person likely to give material evidence for the state in any criminal proceedings" in respect of certain political and common-law offenses, whenever he was of the opinion that such a person might be intimidated or abscond, or whenever he deemed "it to be in the interest of such person or of the administration of justice." A detainee might be held for six months and no person, other than a state official, was permitted access to him. No court had jurisdiction to order the release from custody of such person. Section 6 of the Act authorized the Attorney General to withhold bail for ninety days when he considered this to be necessary in the interests of the safety of the public or the maintenance of public order. These provisions were transferred to the Internal Security Act in 1976.

1966 General Law Amendment Act, No. 62 of 1966. Section 22 authorizes a senior police officer to arrest and detain a person suspected of terroristic activities or other security offenses for a period of 14 days for the purpose of interrogation. This 14-day detention period may be extended only by a judge of the Supreme Court or application from the police. There is provision for the judge to give an opportunity to the detainee to make submission in writing. This provision and this Act have been infrequently used.

1967 The Terrorism Act, No. 83 of 1967. Section 6 of this Act provides that any police officer above the rank of Lieutenant-Colonel may, if he believes a person to be a terrorist or to be withholding information relating to terrorists, arrest the person without warrant and detain him indefinitely. Detention continues until the Police Commissioner orders his release "when satisfied that he has satisfactorily replied to all questions . . . or that no useful purpose will be served by his further detention." Interrogation in solitary confinement is permitted. No court of law shall pronounce upon the validity of any action taken under Section 6 or order the release of any detainee. No person other than certain state officials shall have access to such a detainee or be entitled to any official information relating to or obtained from any detainee. Under the Act, terrorism is broadly defined. It incorporates speech writing, physical action and applies to lawful as well as unlawful acts. If a detainee is charged with having committed any act included in a list of activities it becomes his burden to prove that his intention was not to commit terrorism. According to the landguage of the Act, it is terrorism if a person, among other things, embarrasses the administration of the affairs of state. It is presumed that the person intended to endanger the maintenance of law and order unless he can prove beyond a reasonable doubt that he had no such intentions. For one found guilty under this Act, the minimum sentence is 5 years and the maximum is death. The significance of this legislation is revealed when it is noted that of the 43 detainees to have had died while in security detention, 26 were detained under the provisions of this Act.

1976 The Internal Security Act, No. 79 of 1976, formerly the Suppression of Communism Act of 1950. Section 10 (1)(a) bis of the Act empowers the Minister of Justice to order the detention of any person "if he is satisfied" that such person "engages in activities which endanger or are calculated to endanger the security of the state or the maintenance of public order." Sections 4 and 10 of the Act permit the Minister to issue an order imposing severe restrictions on the freedom of movement of a person when he "is satisfied" that such person engaged in activity that endangered the security of the state or the maintenance of public order. An order of this type is generally known as a "banning order," and confines the person to a particular magisterial district, or to his residence. The person is prohibited from being in the presence of more than two people and cannot visit certain premises. A banned person cannot be quoted or published. A banning order is usually imposed for a period of five years but can be reimposed. Section 10 of the Act gives the Minister of Justice the power to impose penalties restricting freedom of movement which closely resembles the powers of the courts to impose sentences of imprisonment. Yet the Minister in exercising his discretion is under no obligation to reveal the reason for his action nor is his action subject to judicial review.

b) Effects on criminal procedure

According to John Dugard in Human Rights and the South African Legal Order:

> "a highly visible, discriminatory set of rules of procedure has been constructed for the South African political trial, rules that seriously undermine the value of the political trial as a process of judicial authentication."

By and large, the majority of the discriminatory procedures are found in the Terrorism Act, the Internal Security Act and the Sabotage Act. As a consequence of these laws, the South African Security Police are permitted to arrest without warrant, and detain an individual for an indefinite period of time. If an arrest is made pursuant to the Terrorism Act, the court is expressly prohibited from inquiring into the validity of the arrest.

Under the 180-day Detention Law, the 14-day Detention Law and the Terrorism Act, a person suspected of terrorism, sabotage, sedition, terrorism and certain offenses under the Internal Security Act is not entitled to be visited by his attorney or indeed, by anyone except an officer of the state. The denial of counsel at this stage of the proceedings is crucial as it means that a detained person is not given the opportunity to have his legal rights explained to him and is deprived of the protection that regular visits from counsel afford against hostile custodial interrogation.

The normal rule that an arrested person must be brought before a court within 48 hours is denied under the Terrorism Act, the Internal Security Act and the 14-day Detention Law. These statutes expressly exclude the writ of habeas corpus.

The 1977 Criminal Procedure Act now dispenses with the preparatory examination except where requested by the Attorney-

General. This development was prompted by the 1962 Sabotage Act which empowered the Attorney General to direct that a person charged with sabotage be tried summarily in a Superior Court. In 1967, the Terrorism Act excluded preparatory examinations completely in respect of offenses under this Act.

It is a generally accepted principle of criminal justice that when a person has committed an act or acts that in substance amount to one offense, charges against him should not be split so as to charge and convict him of several offenses. This principle is violated by Section 3(1)(a) of the Internal Security Act.

Another fundamental tenet of criminal justice recognized by most legal systems is the prohibition against charging a person for the same offense of which he has been acquitted. Both the Sabotage Act and the Terrorism Act provide that where a person is acquitted on a charge under either of these statutes he may be charged again with another common-law or statutory offense arising out of the same conduct.

Under most criminal justice systems, the burden of proving the guilt of an accused person is placed firmly on the prosecution. However, under the Terrorism Act, an intention to endanger the maintenance of law and order is presumed if the act an accused person is charged with has any one or more of 12 enumerated results as set forth in the Act. It then becomes the accused person's burden to prove beyond a reasonable doubt that he did not intend any of the results when he committed the act he is charged with. This provision runs counter to the fundamental principle that a person should be presumed innocent until proven guilty.

## POLITICAL TRIAL

The prosecution of an individual in South Africa for violation of one of the numerous pieces of security legislation gives rise to the inescapable fact of political trials. The principal purpose of the political trial is to utilize the judicial process so as to legitimately eliminate a political opponent or political dissident. In embarking upon a political trial, a government has an interest in the conviction of the accused which is seldom found in the case of the ordinary criminal trial. It is South Africa's belief that the incarceration of a political offender for violation of the law, following an open trial conducted in accordance with fair procedures by a judge will insure domestic support and international acceptance and respect for its conduct.

Since 1967, the Lawyers' Committee has been involved directly or kept abreast of virtually every major political trial that has taken place in South Africa. In that 13 year period, the Committee has found that the political trial is often a fairly reliable barometer in ascertaining the degree to which human rights are denied in the administration of justice as well as indicating political trends within South Africa.

Shun Chetty, the noted South African defense attorney who was counsel in a large number of political trials before he fled South Africa last year, stated before the United Nations Special Committee Against Apartheid that a very clear pattern is discernible. John Dugard professor of law at the University of Witwatersrand in Johannesburg and an advocate of the Supreme Court of South Africa shares Mr. Chetty's view. The cases that the Committee has been involved with support the contention of Mr. Chetty and Mr. Dugard.

Since 1968, there appear to have developed six stages to the political trial which seemingly mirror political events in South Africa. The first stage of these cases are the trials of harassment. Criminal prosecutions have on some occasions been brought against outspoken critics of the government with the apparent purpose of harrassing and discrediting these critics. Trials of this sort have had an enormous deterrent effect on many opposed to the government. In this respect, the prosecution of Laurence Gandar and Benjamin Pogrund stand as an example. In 1968, Gandar and Pogrund were charged with publishing false information about prison conditions without taking reasonable steps to verify the information. They were convicted and the Rand Daily Mail, the newspaper which employed them, expended some R250,000 in legal fees. No articles of this type appeared in South African newspapers until last year. Again the government brought suit.

The second category of cases are trials of conscience. In these cases many of the accused have refused to testify before a government commission or court because of that body's failure to observe the rules of natural justice in their proceedings. A notable example here was the 1975 trial of Beyers Naudé the Afrikaner Minister and Director of the Christian Institute who was convicted and sentenced to three months imprisonment for his refusal to testify before the Schlebusch Commission which had been established to investigate the activities of four liberal organizations including the Christian Institute.

The trial of ideas is the third category of cases. Before 1975 prosecution under the Terrorism Act and the Suppression of Communism Act had been directed at political conduct and not at the political philosophy or ideology of the accused. In 1975, however, in State v. Cooper and others, the leaders of the Black People's Convention and the South African Student Organization were brought to trial under the Terrorism Act on charges relating to their promotion of the cause of black consciousness. According to the prosecution, the speeches, publications, poetry, and theatre of the accused were intended to cause hostility between whites and blacks and the intention to endanger the maintenance of law and order was implicit in these activities. The accused were convicted and are presently imprisoned on Robben Island.

The fourth type of cases are the trials of recruitment for military training. Most of these cases grew out of the 1976 distubances which swept South Africa. From 1976 to and including the present, these cases have increased at an alarming rate. It is believed that between four and six thousand people have left South Africa to undergo military training.

In State v Moses Jabu Mkhwanazi, the accused, a 29 year old South African was charged under the Terrorism Act and Immigration Act with illegally transporting 32 people across the South African border into Swaziland for the purpose of military training. Mr. Mkhwanazi was acquitted of the main count of terrorism, but was convicted on two counts under the Immigration Act for assisting people to leave South Africa without passports. He was sentenced to a period of 18 months imprisonment. Leave to appeal the court's decision was rejected.

In March, 1980, a judgment was handed down in State v. Jeremiah Majatladi and others. The two oldest defendants, Mr. Majatladi, 23, and Transvaal Post reporter Thami Mkhwanazi, 38, were sentenced to seven years imprisonment while the others ranging in age from 17 to 19 received mandatory five year terms. The accused, all of the black township of Atteridgeville near Pretoria, were convicted on charges of terrorism for either being recruited for training as guerrillas or recruiting others to undergo guerrilla training.

In the early morning hours of August 21, 1978, Vuma Dennis Makeke was arrested by Security Police at Port Elizabeth, and taken to Jubulani Police Station in Johannesburg. There he was kept in solitary confinement in terms of Section 6 of the Terrorism Act, which provides, inter alia, that a detainee may be kept in solitary confinement until such time as he has answered all questions to the satisfaction of his interrogator. Neither Makeke's family nor his attorneys were aware of his detainment.

Appearing in Port Elizabeth's magistrate court on January 12, 1979 witout any prior consultation with his attorney, Makeke made self-incriminating statements which were later used against him by the state prosecutor. Makeke's attorney applied to the magistrate for a remand of the trial in order to consult with the accused and to prepare for his trial. The court eventually granted an adjournment of 15 minutes, an obviously inadequate amount of time for such consultation. According to his attorney, Makeke was unfit to stand trial due to drowsiness and confusion resulting from his long term of detention and the previous day's exhausting trip from Johannesburg to Port Elizabeth.

The state alleged that Makeke, a member of the South African Students' Organization (SASO), recruited fellow students to leave South Africa for the purpose of undergoing military training. He was charged in terms of Section 2(1)(b) of the Terrorism Act. In his defense, the accused submitted that he wanted to leave South Africa for Botswana in order to apply for a UNESCO scholarship. During the course of cross-examining the accused, the state was granted an application to amend the charge to include academic training - one of several gross procedural irregularities cited in the defense's subsequent note of appeal.

Makeke was ultimately convicted and sentenced to five years imprisonment. Immediately after judgment was delivered, Makeke's attorney noted an appeal against the magistrate's finding. Makeke is presently out on bail pending the outcome of his appeal.

Trials of infiltration constitute the fifth stage of cases before the South African courts. These involve situations where individuals have left South Africa undergone military training and have returned generally with arms, in an attempt to achieve some of the objectives toward the overthrow of the South African government. The trial and subsequent execution of Solomon Mahlangu last year is one example of cases of this type. The trial of 12 members of the ANC which ended in Pietermaritzburg late last year is another. This latter case is of extreme importance. The prosecution alleged that the accused formed a conspiracy to overthrow the government, and recruited and trained people to wage war and subversion. They were charged with high treason, 43 alternative counts of terrorism and 2 counts of conspiracy and incitement to commit murder. Initially, two of the accused admitted the charges against them and declared their intention of conducting their own defense. Subsequently, they reappeared in court with an attorney who applied for their pleas of guilty to be reversed on the grounds that they had seen the indictment only two hours before they pleaded and that there was not an adequate opportunity to understand the allegations made against them. In addition, under cross-examination they both admitted to having been assaulted by the police and told to plead guilty if they did not wish to be further assaulted. They also alleged that they were told by the police that if they admitted the allegations against them, they would only be sentenced to five years imprisonment. They were allowed to change their plea to not guilty.

On September 10, 1979, the state applied for the trial to be held in camera in order to protect State witnesses and members of the Security Police who gave evidence. The judge ruled that he would consider the case of each witness on its merit. The accused then decided that they would not take part in the proceedings, they would not challenge the evidence of the witnesses, and would dismiss their counsel. They issued the following statement to the court:

> "The Accused are charged as members of the African National Congress with the crime of Treason. This they perceive to be the crime of attempting to overthrow the Government of the Republic of South Africa by all means including violence. The Indictment so alleges.
>
> "They see these Courts as part of the apparatus of the Government. Nonetheless, they decided to submit to the processes of the Court; to plead, to be represented and to participate fully in the trial, putting in issue what should be challenged and letting be whatever is truthfully alleged.
>
> "The very nature of the Treason is that it affects Society itself. To exclude the public from such a trial, is to exclude the very people who are affected by what the African National Congress is alleged to have done and seek to achieve.
>
> "Seeing no purpose in participating in such a trial in camera, they have dismissed their Attorney and Counsel and will take no further part in the trial and do not wish to attend the trial which should take place in their absence."

For the remainder of the trial, the accused were contemptuous of the court's proceedings. They smoked in court, paced up and down in their specially constructed bulletproof glass cage and sang freedom songs.

In November, James Mange was sentenced to death and 18 months imprisonment for contempt of court. In passing the death sentence, Justice Hefer said that consideration had to be given to the fact that the ANC was at war with South Africa. The court, he said, could not allow people who had grievances and no constitutional means to rectify them, to resort to unconstitutional means to achieve their aims. The other accused were sentenced for periods between 13 and 18 years. The case is presently on appeal against the sentences.

The final stage of political trials has yet to ensue. These will be trials as a result of military confrontation. Trials that will come as a result of individuals who have returned to South Africa and who have killed people or destroyed property in an attempt to bring down the government.

Since May of last year, there is ample evidence that South Africa is rapidly approaching this final stage. In a period of one year there have been four attacks on police stations throughout South Africa. The most recent took place last month when the Booystens Police station in Johannesburg was attacked by rocket launchers, automatic rifles and hand grenades. In addition, in January three armed blacks walked into a bank in Pretoria seized 24 hostages and held them for a number of hours before police opened fire killing all three men and two of their hostages. Border raids continue in the Northern Transvaal province.

It is perhaps this decisive final stage that will prove the ultimate test of the South African legal system.

## SHORT TERM OUTLOOK FOR HUMAN RIGHTS

To only examine the administration of justice in ascertaining the deprivation of human rights in South Africa is but to skim the surface of a problem that is so pervasive as to almost defy comprehension.

The Universal Declaration of Human Rights, which came into effect the same year the National Party came to power in South Africa, established an international minimum standard of existence necessary to further human dignity. Of the 30 articles that compose the Declaration, South Africa systematically violates 20 of them. It perhaps explains why South Africa is not a signatory to the Declaration.

The death of Steve Biko in 1977 focused international attention on the plight of political detainees held in the custody of South Africa's Security Police. Since 1963, at least 45 persons have died while in Security Police detention. Of the 45, nearly half - 21 - died at the rate of nearly one person per month during the period from 1976 to 1978. However, since the death of Lungile Tablaza in July of 1978, no one has died while being held under the security legislation. This is a most encouraging development. Yet there are 32 actions pending for damages against the government arising from detentions under the Terrorism Act. In addition, nearly R253,000 was paid to individuals in settlement for police assaults, while an additional R43,000 has been paid in 44 cases of unlawful arrest.

Indeed, statistics can be a useful, if not altogether accurate portrayal of the degree of repression found in South Africa today. In response to questions asked in Parliament, the Minister of Police revealed that a total of 99,660 men and 20,290 women, a total of 119,950 people were arrested in 1979 for violation of the influx control laws; that a total of 234 coloured people and 119 Indians were prosecuted in the Johannesburg Magistrate's Court last year for living in the city illegally; that 96 persons were detained without trial last year; that 227 males and 18 females under the age of eighteen had been detained in terms of the Terrorism and Internal Security Acts during 1978; that 224 persons under eighteen were released without being charged or required to give evidence; that there are 157 banning orders currently in force; that on Robben Island, the maximum security prison for blacks, there are 489 of South Africa's 498 political prisoners, and a statistic he did not give, that on the average in South Africa, on person is hanged every three days. It is a rather dubious distinction, but South Africa has the largest known prison population and executes more people on a yearly basis than any other nation in the world today.

With respect to the administration of justice, there have been a number of important procedural developments, which can at best be viewed with some skepticism. Pursuant to Section 9, and Sections 14 through 16 of the Lower Courts Amendment Act, No. 91 of 1977, regional magistrates were given jurisdiction over sabotage and terrorism trials, while at the same time their sentencing powers were increased from three to ten years imprisonment. According to John Dugard, this is a "disturbing innovation" as regional magistrates are civil servants who are usually former prosecutors appointed by reason of their length of service with the Department of Justice.

Most of the other developments have takn place within the Criminal Procedure Amendment Act, No. 51 of 1977. Section 112 of the Act allows a court to commit and sentence an accused to any punishment short of the death penalty if the accused has pleaded guilty and if the presiding officer has questioned him to ascertain that he admits the allegations made against him. The state does not have to prove the case against the accused once he pleads guilty. In terms of Section 217 of the Act, the onus is placed on the accused to prove that a confession, where it has been reduced to writing before a magistrate and is unobjectionable on the face of it, was not obtained freely and voluntarily. Section 219(a) extended this provision even further by making the onus of proof applicable to any statment whether a confession or not when made by an accused and reduced to writing before a magistrate. Sections 153 and 154 of the Act provide that all particulars relating to an accused and his offense may be kept secret in the interests of "the security of the State and good order." These sections make it possible for an individual to be charged, tried, convicted and sentenced in absolute secrecy.

In addition to the provisions of the Criminal Procedure Act, recent political trials have taken place in camera in which key government witnesses testify in the absence of the accused and in which the press and most observers have been excluded from the court room. This procedure does violence to the principle that an accused has the right of facing his accusers and interrogating them. Most of these trials take place in remote parts of the country which increases the isolation that defendants feel while in the courtroom. The decision to hold trials in remote parts of the country means that most often a defendant's family is unable to be present in courts. Finally, efforts have been made by the Security Police to cripple the effectiveness or prejudice the performance of the few attorneys willing to conduct a political trial. In general, these efforts take the form of harrassment of the attorney and their staffs; interference by the Security Police with the attorney's client or more importantly, having an attorny's client brought to trial without the attorney's knowledge.

In 1979, the South African Parliament passed three significant pieces of legislation, all aimed at controlling the amount of information that can be published concerning various aspects of goverment activity. The first of these, the Inquests Amendment Act, No. 65 of 1979 provides that any person who prejudices, influences or anticipates the proceedings or findings at an inquest shall be guilty of an offence and liable to a fine not exceeding R500 or to imprisonment for a period not exceeding six months or to both. The Act will have a debilitating effect on the powers of the press and on public opinion in terms of any comment in a pending inquest. As a result, the kinds of information that surfaced concerning the way Steve Biko was treated while in police custody will not, in all probability, be published in the event of another death in detention. The Police Amendment Act, No. 64 of 1979 makes it an offence to publish any untrue information about the actions of the police force in the performance of their duties. To do so is an offence punishable by a fine not exceeding R19,000, imprisonment for a period not exceeding five years or both. Any report on police activities requires that the person writing it has reasonable grounds for believing its truth and places the onus of proving this on the person publishing the report. This is, in effect, self censorship, and at worst, severely restricts freedom of the press. The Advocate-General Act, No. 118 of 1979 empowers the State President to appoint an advocate-general whose function it would be to investigate suspicions that are laid before him regarding the dishonest use of state moneys.

This Act grew out of the revelations concerning the use of Department of Information funds. This is widely believed to be an effort to prevent the public disclosure of malfeasance in the upper echelons of government.

On the other hand, a most notable development is the decision by the Minister of Justice in August of 1979 to establish a commission to review the security legislation. The commission is chaired by Mr. Justice P. J. Rabie of the Appellate Division of the Supreme Court. The commission is to inquire into and make recommendations on the necessity, fairness, adequacy and efficiency of the security legislation. The commission will also consider the criticism that administrative powers are unfair and that there are insufficient provision for judicial supervision over the exercise of these powers.

While the procedural trends are mixed, for a fuller appreciation of the human rights situation in South Africa, one must of necessity look to recent political developments. It is extremely hazardous to venture into the area of prognosticating South Africa's future. Nevertheless, to have any understanding of what may happen in that troubled country, it is an exercise that, despite its pitfalls, is well worth undertaking.

The disturbances of 1976 firmly placed South Africa, apartheid, and the South African government's treatment of black people under international scrutiny. The death of Steve

Biko and the banning of most liberal organizations in 1977; the Department of Information scandal of 1978 and the current unrest of coloured students have continued the international focus on South Africa.

However, it was the student rebellion of 1976 that exposed the brutality of the Security Police and raised such serious questions about South Africa's respect for the human rights of its black people. The uprising also placed an enormous burden on the courts. By December 1976, six months after the first shot was fired in Soweto, 1,556 people had been convicted on charges arising out of the disturbances. By 1977, the prison population on Robben Island had swollen to over 800 persons. For South Africa's Security Police, under the direction of the Minister of Justice, Police and Prisons, Mr. Jimmy Kruger, the student rebellion was seen as a massive onslaught against the state which had to be met forcefully. The brutality of the police particularly in terms of the various allegations of torture that emanated from those held in police detention, polarized race relations between blacks and whites, a condition which still exists today, frustrating the current reform efforts introduced or contemplated by the Botha government.

The election of P. W. Botha as Prime Minister brought about a fundamental shift in approach towards South Africa's racial problems. John Vorster, the previous Prime Minister who had been responsible for the introduction of much of the security legislation, was of the opinion that control at all costs was necessary to keep black unrest from spreading. To that extent, he appointed Jimmy Kruger, a man who shared his philosophy, as the Minister of Justice, Police and Prisons.

Rather than confrontation, Mr. Botha has sought to defuse racial tensions by conciliatory language and hints of reform. It is a difference in style, but not of substance. The grand design of separate development continues as white South Africa's guiding philosophy. This difference in approach at the highest level has had an impact throughout white South Africa. What has changed is the attitude of whites toward the call of the Prime Minister for reform. Almost immediately, Mr. Botha replaced Jimmy Kruger with Alwyn Schlebusch, and divided the ministry into two positions, the Ministry of Justice and the Ministry of Police and Prisons. Mr. Schlebusch then appointed a commission of inquiry to review the security legislation.

The tragedy of South Africa is that while whites debate the possibility of reform blacks seethe with anger. While whites talk of change; blacks consider revolution. And the repression still continues. Black community leaders and student activists have been banned or detained for prolonged periods for police interrogation. The Right Reverend Desmond Tutu of the South African Council of Churches had his passport withdrawn as a punitive measure for his outspokenness against the government's racial policies. In

Cape Town, the Reverend David Russell has been imprisoned for violating his banning order so as to obey the dictates of God rather than those of the state. Thozamile Botha, President of the Port Elizabeth Civic Organization was arrested, banned and finally was forced to flee the country. As a result of the coloured students school boycott, more than 600 young people have been detained in the past month. There is talk of reform in South Africa, but the machinery of repression, the security laws, remain in place.

There is obviously hope on the part of everyone concerned with human rights in South Africa that the level of repression will diminish. Unfortunately, at least in the immediately foreseeable future, that is not likely to happen. White attitudes toward reform have changed. Black attitudes, however, have become far more radical. Under P. W. Botha, South Africa is groping with ways and means to open the system while maintaining white control. It is in the process of designing political alternatives that will relax, and in turn release, the potentially awesome combustive pressure of black revolt. On the other hand, the massive fear of the government is that it will be powerless to control the rate or direction of change once the process of transformation begins. Under such circumstances, one can expect that as the process unwinds, any dissent, any unrest, any action that is perceived by the government of having the effect of sparking a disturbance is going to be suppressed, ruthlessly if necessary.

Following Robert Mugabe's stunning victory in Zimbabwe, and that country's return to majority rule, South Africa finds itself isolated internationally as the last bastion of white rule in Africa. Another Soweto, and the world community is certain to vote economic sanctions against her. Aware of this threat, the government has thus far responded with remarkable restraint in handling the student unrest in the Cape Province. This is particularly so when contrasted with the government's response four years ago in Soweto. Paradoxically, South Africa finds itself having to suppress dissent in order to avoid an explosion, and yet, that very suppression of dissent may be the spark that fires the revolution.

The outlook for human rights, for freedom from repression is, unfortunately, destined to grow dimmer. Initially, the government will handle dissenters with constraint and moderation. That will not, however, absent major political and economic change, be enough. Such change is not immediately foreseeable. Disturbances will continue and grow. There will be, in turn, more detentions, more bannings, more political trials as the government fights to control this burgeoning unrest. Obviously, there will be torture and police brutality, but in all likelihood, there will not be another death in detention, certainly not that of someone influential. As the repression grows more intense, there will develop more urban raids, more spontaneous uprising, and in turn, far harsher government repression.

In the end, it is likely that meaningful change will not occur fast enough; the remnants of the legal system will be manipulated or outright circumvented and South Africa will slide into the protracted guerilla warfare that has been so often predicted. The only question is one of time and political will. Is there enough time and political will left in South Africa to implement the necessary changes before whatever time remains runs out?

**Mr. Solarz.** Thank you, Mr. Arnold, for some very thoughtful, indeed, eloquent testimony.

Mr. Bonker.

**Mr. Bonker.** I would like to commend both witnesses for their testimony.

Ms. Derian, I am looking through the part of your statement beginning on page 11, which describes U.S. Government initiatives with respect to the Human Rights Commission in South Africa. This is a pretty impressive list, stretching from diplomatic initiatives, public proclamations, an arms embargo, certain initiatives on the economic, political and legal fronts, nonrecognition of the homelands, supporting U.N. resolutions, and so on and so forth.

I think this is a fairly commendable record for the administration. I wonder what would happen to that record if another person assumes the White House. One Presidential candidate, whose name I will not mention, but who hails from California——

**Mrs. Fenwick.** How subtle you are.

**Mr. Bonker.** Much more subtle than Mr. Derwinski. Many of these initiatives have come out of the White House and are sympathetic to the blacks' cause and the injustices they experience in South Africa. The President's commitment to human rights also is well known. I just wonder how many laudable efforts would quickly vanish if someone else assumed the Presidency who did not share this commitment.

If human rights is going to be inherent in U.S. foreign policy, it ought to have some continuity from one year to the next, and not be subject to dramatic and immediate changes based on who is in the White House.

Do you think that the Congress should attempt to legislate some of these initiatives so that they can become part of U.S. law and not just U.S. policy, which emanates from the White House?

**Ms. Derian.** I was just wishing that Hodding was not on his way to Europe. He is so much better at hypotheticals.

**Mr. Bonker.** He has to be.

**Ms. Derian.** I would like to—not dodge your question, but I would like to answer it in maybe a different way. It is a question that I am in these days asked two or three times a day.

I believe that the skeletal basis, the framework is written into the law. I believe that the bureaucratic mechanisms are in place in the Department of State, and to some extent in the interagency system. I think that a human rights policy, if carefully monitored by the Congress and by others, is inevitable. The quality of it is something that largely does depend on a President's commitment to the idea.

You can have a human rights policy with a President who did not care much about it. I am not sure how effective it would be if you had one deliberately intent on dismantling it. However, I do know that when people are campaigning to come into positions of responsibility, they often speak with great earnestness and vigor on topics about which they know very little, either the law or the spirit of the idea, and I think we have seen enough times elected officials who have while campaigning, promised one thing out of lack of information and ignorance, or sometimes on behalf of gaining popular support, and done quite the opposite when informed or faced with the responsibilities of the office.

So, I think that those things are possible. Legislation is, of course, the framework. In the first year that I held this job, in 1977, we had high interest on the Hill, and lots and lots of pieces of legislation resulted, which have been useful. So, I would think that if there are people in the Congress who believe that some steps need to be taken to strengthen the human rights policy, that it would not be done in a fragmented type of way, but those people would meet together and decide on a package. Just little bits and pieces often make it easier to circumvent, if that is the intention.

So, a carefully thought-out package may be useful, but every person for himself/herself, having a little piece of human rights, you wind up with a garment you did not intend to make at all.

I am sorry to take so long, but it is a thoughtful question, and one, you see, that I do not have a very good glib answer for.

Mr. **Bonker**. I can give you a question which requires a brief answer. Do you think that Secretary Muskie will continue the same level of commitment to programs as they relate to South Africa as we have seen in Secretary Vance?

Ms. **Derian**. Yes, indeed. Absolutely.

Mr. **Bonker**. I knew that would be short.

Mr. Arnold, just one question. You have been working in the legal vineyards as it relates to counseling and aid to prisoners, relief for families, and the like, in South Africa. The Subcommittee on International Organizations oversees voluntary contributions to UN agencies. We have been contributing money for this purpose. Could you share with the subcommittees briefly how some of this money is being used, in connection with efforts by the Lawyers' Committee to assist individuals in South Africa. One prominent person who received assistance, I believe, was Perry Qoboza when he was under detention. In your statement you also refer to Nelson Mandela who continues to be detained in prison.

Mr. **Arnold**. Mr. Bonker, the process of our assistance to those in South Africa who are victims of racial discrimination under the security legislation is predicated on a request from an attorney in South Africa, acting on behalf of that particular person.

In the case of Mr. Qoboza, when he was detained in October of 1977, in respect to the disturbances following the death of Steve Biko, he was detained under section 10 of the Internal Security Act. The attorney representing him did not contact us. We kept abreast of his detention, but in terms of actual assistance to him, we were not requested and we did not offer any assistance to the attorney handling that matter.

With respect to Mr. Mandela, he was arrested in 1962. That was in fact before the formulation of the Lawyers' Committee's own policy toward South Africa, and consequently before the institution of the Southern African Project. I can, however, refer you to other cases where we have assisted, most notably the inquiry into the death of Steve Biko. We received a request for assistance from the attorney handling that matter, and we played an important role in both providing funding and helping expose the kinds of abuses that took place there.

Also, we were actively involved in the Soweto Student Representative Council trial that concluded in April of last year. That trial involved eleven students from Soweto who were alleged to have been the ringleaders of the June, 1976, disturbance. Again, we were asked whether or not we could assist in funding the case, and whether or not we could provide any other kind of assistance to the attorneys there.

I myself served as an observer at the Soweto Student Representative Council trial, and met with attorneys both on the part of the Government and on the part of the defendants to ascertain what precisely was the situation. In each of those instances and many others I have not cited, much of our assistance has come from the United Nations. That assistance has been of the utmost importance in allowing for a fuller understanding of the human rights abuses that take place in South Africa.

Mr. **Bonker**. I am glad you mentioned Steve Biko and the Soweto students. So you feel our contributions to these programs are fully justified?

Mr. **Arnold**. Not only justified, they are extremely important and are having a significant impact. We have noted in part that since mid-July 1978, there have been no deaths in detention, and I think that is significant. I do not wish to imply that this was a result of the work of the Lawyers' Committee per se, but it does have a lot to do, I believe, with the international furor that was raised over the death of Steve Biko, the concern that the world showed about what was happening in South African prisons and what was happening when individuals were taken into police custody, under the security legislation.

Prior to Mr. Biko's death, from the period 1976 through 1977 political detainees were dying at a rate of virtually one per month. That has changed. We have not had a death in detention since mid-July, 1978. It is an astonishing kind of statistic, because if one accepts the fact that people were dying in 1976 and 1977, as the government alleged, as a result of suicides, as a result of falling in various places, while in prison, why is it that if has not happened since mid-July, 1978?

I think the pressures that the world community, the pressures that our Government and others have put on South Africa have resulted in some noticeable improvement in the human rights situation there.

Mr. **Bonker**. One final question. As an attorney, do you find that South Africa has a double standard in its legal system? Or do you find that working within the legal framework of that country, the laws as established, however injustly allows a process which works equally?

Mr. **Arnold**. The legal system, at least in my definition of it, is a bit more than the courts, a bit more than just the officers of the court, the judges and attorneys. It embraces the concept of the entire process of legislating laws and enforcing laws. So, it is not just the appearance in court that makes the legal system function.

If in fact parliament enacts laws that on their face are discriminatory, if the enforcement of those laws by the security police is in fact discriminatory by the time the process winds up in court, to look at the legal process and say that it works equally, is simply not true.

Mr. **Bonker.** I understand. I am wondering about due process.

Mr. **Arnold.** Most of the laws applied are applied against blacks. That is not to say that they are not applied equally against whites. Whites and blacks have been sentenced under the Terrorism Act. Whites and blacks have been held under the preventive detention laws. But the crux of the security legislation has been aimed at black unrest, not aimed at whites. If whites have been charged under the security legislation, it is only because they have become aware of the need for change, and have sought to bring about that kind of change. The laws are designed to primarily suppress black dissent. As a result, they are discriminatory. Due process in many instances is an idea that no longer exists.

An example of this is the Internal Security Act. Under this act the Minister of Justice arbitrarily has the power to ban an individual for periods of 5 years each then renew that ban as often as he deems it necessary. So conceivably without ever having appeared before a court, an individual can have his liberty curtailed for the remainder of his life and never have the opportunity to challenge that curtailment in court. In that sense, due process does not exist.

Mr. **Bonker.** Thank you.

Mr. **Solarz.** Thank you very much, Mr. Bonker. Mrs. Fenwick.

Mrs. **Fenwick.** Thank you, Mr. Chairman.

I think what you said is most impressive, Mr. Arnold, and conveys better than so many others.

First of all, I would like to honor you for something which I particularly admire. You are, as I understand it, Director of the South Africa Project, the Lawyer's Committee for Civil Rights, Mr. Arnold, and you are addressing yourself to that which your title commits you to, and I think it is splendid. We need people who are doing what they say they are doing, and certainly you are, and you have given us a wonderful picture of how it operates.

When due process, although it may exist in the courts, is not even approached by the practices that are in effect, due to the fact that the courts do not apply due process, it becomes irrelevant in too many cases, but I would like to say something to our dear friend from the State Department.

Yes; we in Congress have a role, and since the chairman of the International Organizations Subcommittee has opened the door for the future, I would like to discuss that a little bit. We started in 1975, before any present administration, with some concern with human rights in the Commission, to monitor the compliance with the Human Rights Section.

I think you will always find in Congress support for straightforward, what I might call Mr. Arnold-type, devotion to our proclaimed goal, but I think we are going to damage the cause of civil rights in this Congress and in the country if we concentrate on Chile, Argentina, and South Africa, and avoid discussing human rights in any other countries of the world.

We cannot pretend to be concerned about human beings unless we are concerned about pitiful human beings torn to pieces by two rival communist forces in Cambodia, fleeing from Ethiopia into Somalia, and, I may say, treated very badly in Mozambique.

I would like to see an equally severe and searching outline of these other countries. We cannot afford what might look like a one-sided approach to human rights, and the human dignity which is denied the suffering in Mozambique.

Ms. **Derian**. If I may respond, you have outlined in your brief statement what is in fact the policy of this Government today. One of the things that confuses the issue, that makes people think that we are only concentrating on a handful of easy, cheap shots is that in the Soviet Bloc, in China and in a number of other places, the factor that is a kind of the bellweather for people looking at human rights is not a factor. That is, we do not give economic assistance, we don't have a security assistance relationship, and we do not sell various kinds of police weapons and equipment; relationships limited by the laws passed by Congress.

Mrs. **Fenwick**. Look at Mozambique. The State Department is urging us to triple our aid to Mozambique despite the State Department's own account of the horrors that the citizens of that country are subjected to.

Ms. **Derian**. We are always going to have that problem. We have it in South Korea. We have it in the Phillippines. We have it in a number of places about which we have spoken.

The question is, as long as we have, and we will always have, national security interests scattered around the world, some of them in very inconvenient places in terms of human rights violations—for instance, those three we have named are places where there are very serious human rights problems. The security assistance relationship, the military relationship is going to continue.

Mrs. **Fenwick**. Speak to Mozambique.

Ms. **Derian**. I would rather speak to Mozambique when I am fully prepared. I would like to be able to have facts to cite beyond my own view, and our concerns about the very serious problems of human rights in that country. I will be glad to send you a paper on it, or come back for another hearing. But I do want to say, even in those places where there are gross violations of human rights on the part of the Government, where we have security interests that are going to cause us to continue some sort of military relationship, supply of equipment or use of American forces, we have an obligation which I think in the main fulfill—to make sure that on the diplomatic track there is no mistaking the views of the U.S. Government concerning the abuse of human rights, not in a vague, general way, not in a general outline of principles, but on very specific items, on the attendance at trials, discussions about procedures, statutes, laws, practices, on the difference that will make in the relationship with the United States.

When we came here, despite the fact that the Commission was there, despite the fact that there was some very specific legislation on the books, I can tell you for all intents and purposes there was no human rights policy. The distance that we have come in 3½ years is remarkable. Before I took this job, everybody I talked to said, don't take it, it is going to be a phony. Well, it has not been a phony. It is not as good as it should be or could be, but it is getting better all the time.

So, I am not so sanguine about pulling a country out of a hat and saying, look, it is not as good as it should be. None of it is as good as it should be. In terms of what governments have done, though, the policy of this Government is absolutely unprecedented. We have started something that I hope will catch on around the world, a very specific assertion of the question of human rights as a matter of one of the fundamental parts of our foreign policy.

We have turned the boat part of the way around. As I said to Chairman Bonker some time ago, we started moving, but when you consider that this is an absolute change in the classical foreign policy——

Mrs. FENWICK. All I am asking is that the change falls equally, like the quality of mercy.

Ms. DERIAN. We are trying very hard. South Americans say, why pick on us? The Soviets, the Eastern Europeans say, why are we being singled out in terms of response from governments? I can tell you everybody thinks they are the only ones.

Mrs. FENWICK. I am looking at it from what we hear in the committees of Congress, and really, it has not been my experience that the Department of State does observe, in its recommendations as to aid, the terrible reports of the Department of State, which I imagine you have written.

Ms. DERIAN. They have written them, too. They were first written in the Embassy, written by the desk, and we start cooperating after the first draft, beyond sending out the outline.

I will tell you one thing. It is a dilemma. When I mentioned we are changing classical foreign policy, we are also changing classical diplomacy. I think we have not reached the point where people are comfortable on two levels. I am speaking in the way that I can, because I am not a professional diplomat, a lifelong person well trained in the field, so I can come and say very bluntly, here is the way it is.

For other people dealing across a wide spectrum of issues, there are two problems. One, overcoming past reticence and speaking very clearly and directly about very hard, tough things. On the other hand, of tipping the hand so much that when you get ready for diplomatic representation, it is out in the newspapers.

Mrs. FENWICK. That is not what I am talking about.

Ms. DERIAN. It is part of the problem.

Mrs. FENWICK. I understand. All I am saying is, we are urged to double or triple aid to places that are demonstrably violating human rights, religious rights. I do not know how we can continue this in Congress, particularly with the country at large depending on us as they do to represent them. We have got to be thinking not just to do justice, but to be perceived as doing justice. Then we could have more standing.

Ms. DERIAN. That is exactly right. Exactly. Thank you.

Mrs. FENWICK. Thank you.

Mr. SOLARZ. Thank you, Mrs. Fenwick.

Let's just say for the record in response to the observation of the gentlewoman from New Jersey, in a way I think we have a built-in dilemma when it comes to the implementation of our human rights policy, which is an inescapable part of the diplomatic dilemma that confronts our country. That is, human rights, while it ought to be an important part of our foreign policy, cannot possibly be the exclusive component of our foreign policy.

There are always a variety of other considerations that have to be taken into account. Given the extent to which there are a variety of other very legitimate criteria for the formulation of our policy, we are never going to be able, no matter how much we would like to, to be particularly consistent when it comes to the expression of our concern over human rights. Some countries may not for geographical or economic or strategic or political reasons be as important as other countries.

Therefore, compromises at times have to be made. My own feeling has always been, simply because we may not for larger strategic situations want to be in a position to press the case for human rights in respect to some countries as we would like to, it does not constitute ipso facto justification for doing nothing about human rights in those areas where we can do something without bringing significant prejudice or embarrassment to our most fundamental security concerns.

To try to get back to the specifics of South Africa, Mrs. Derian, there are very few people in our country who attempt to justify what goes on in South Africa. Even those who think that they would be most sympathetic to South Africa who would join in a kind of rhetorical kind of condemnation of the system of apartheid.

I find every time you try to do something about South Africa of a specific nature, people frequently say that it is inconsistent to single out South Africa for some kind of punitive action on the grounds that there are many, many other repressive countries in the world that we do not take punitive action against.

I think it would be helpful for the committee if you could give us the benefit of your comparative judgment, as it were. You are the primary official in the U.S. Government looking at human rights on a kind of local basis in a wide variety of different countries. Isn't the situation in South Africa in any way unique, or is it essentially as bad as it is, no worse than the repressive systems that exist in the other countries around the world, including the Soviet Union, the People's Republic of China, Chile, and South Korea. Or is South Africa somehow for a variety of reasons far more repressive or more insidiously oppressive than other countries in terms of how they treat their people?

Ms. **Derian**. Mr. Chairman, when I came into this job, one of the first things I had to cope with was that whole formulation, sometimes a very specific formulation, in a hearing on the House side. Shortly after I arrived, I was asked to put in right order the 10 worst countries in the world. I had to think very hard and long about doing that, and we talked over how we would approach this. It seemed to us that the only way you could hope to do justice to the human rights policy and not also divert it into a monthly or semiannual or annual listing of the 10 worst, would be not to do it that way; we would conduct the policy in terms of each country individually.

That is the search for the "worst" is one of the problems in this country, that leads to the idea that somehow we do not care as much about the problems in one place as we do in another.

The problems in South Africa are exceedingly severe. It hardly matters if apartheid is imposed on the majority of the population or on 5 percent of the population, black citizens are decitizenized. They cannot participate in the life of the country, in its political life, in the system of justice, the equal opportunity to work. They are made "the other," the enemy.

That is the problem in South Africa, so I can't compare it to another place and say, "Is this worse or is this better?" It is a terrible, ghastly, dehumanizing, smothering, bureaucratic structure laid over living human beings, and it is a ghastly, terrible problem. I cannot say what is worse. It is a little bit like getting run over by a streetcar; one leg broken hurts as much as two legs broken.

Mr. **Solarz.** If it cannot be distinguished from the situation in other countries, on what basis do you justify taking certain kinds of actions against South Africa that we do not take against other countries that presumably you would also say are "ghastly, dehumanizing" systems?

Ms. **Derian.** We use a number of authorities for even having a human rights policy. We have, first, the U.N. Human Rights Declaration, to which all the signatory countries of the United Nations have agreed. These are not Western standards. These are not U.S. standards. These are, as they are titled, universal standards. That is the sort of philosophical framework.

We as Americans also have a certain concept of ourselves as a people, an idea of what a democratic people believes in and cares about.

Mr. **Solarz.** Ms. Derian, I understand why you think the situation in South Africa is bad. I understand the criteria on which you base that judgment. My question is: To the extent that there are other countries that also fail to comply with the standards by which we make those judgments, on what basis does the administration decide to take certain kinds of actions against South Africa that it does not take against other countries that may also be found wanting?

You gave us a long list of things. We have formally prohibited the sale of arms to South Africa. We have a formal prohibition.

Ms. **Derian.** We don't sell police weapons and equipment to any country where the Government uses them to repress their own people, or to countries that are gross violators of human rights. We have a policy.

Mr. **Solarz.** Come on. We sell arms to the Philippines. We sell arms——

Ms. **Derian.** Not police weapons and equipment.

Mr. **Solarz.** We have not limited the sales of arms to South Africa just to the police. We don't sell them tanks. We don't sell them weapons that are primarily suitable for warfare. I am not criticizing us for doing that.

Ms. **Derian.** I don't know what your question is. Why we chose those specific things we did? Is that it?

Mr. **Solarz.** I will try to explain myself again. I am asking you on what basis you make a decision to apply—to take certain actions with respect to South Africa, such as an embargo on arms sales to South Africa, but not to take comparable action against other countries which are also engaged in serious violations of human rights. I ask that question because we confront this all the time here in the Congress. You have advised us to carefully consider a variety of different actions. I gather this is your way of subtly indicating your personal sympathy for such approaches, given the limitations of administration policy. Maybe it is not. Maybe I read too much into it.

If we were to seriously consider the recommendations, if we were to seriously consider the possibilities that you ask us to consider, that is the very first question that would be asked us: Why should we do this with respect to South Africa but not to other countries? If you don't do it with other countries, how can you justify doing it for South Africa?

I ask you again: On what basis have you decided to take these actions against South Africa, particularly when you refuse to say that South Africa is far worse than all the other countries? What is the basis for taking certain actions against South Africa but not against other countries who are also serious human rights violators?

I have my answers. I would be interested in hearing yours.

Ms. **Derian.** We have several objectives. One of them is we like to do whatever is possible for us to do as a Nation to change the system. We have stated it over and over again. We have stated it in every forum in which we speak. In terms of apartheid, we want to distance ourselves from those practices, not to be perceived by the government or by the people or by anybody else as participants for any reason in those practices.

Mr. **Solarz.** These reasons are applicable to two dozen situations in the world; yet we select South Africa for some and not other countries.

Mr. Arnold, would you like to take a crack at it?

Ms. **Derian.** Wait a minute. I would like for him to do that, but I would like to come to a clear understanding. That is, we look at each country in its own context, and we don't rank them in terms of what is awful, or what is worse than somebody else.

What we are trying to do is our part to bring and assist and encourage change. We have a vast array of methods. We have Ex-Im loans. We have OPIC. Foreign aid of all kinds. A dozen things to do. So what you choose to do is what you think will be most beneficial in the situation. And we do it there as well as we do it in other places where we think it will work.

Sometimes we speak publicly. Sometimes we don't speak publicly.

Mr. **Solarz.** In other words, you think that an action that, on the grounds of consistency, perhaps should be applicable to more than South Africa, you might choose to do with respect to South Africa, but not to other countries on the grounds that in the case of South Africa it might be effective, where in other countries it might not?

Ms. **Derian.** We are result oriented. In essence, that is a part of it.

Mr. **Solarz.** Do you think the fundamental criteria for determining what actions we take vis-a-vis South Africa should be the extent to which it includes the human rights situation?

Ms. **Derian.** Ask me again, please. I was reading my notes.

Mr. **Solarz.** Do you think that the exclusive criteria for determining what actions to take vis-a-vis South Africa ought to be the extent to which it will have to improve the human rights situation in South Africa?

Ms. **Derian.** We have two things.

Mr. **Solarz.** In other words, suppose somebody said the human rights situation in South Africa is so abysmal we have to do something about it, let's do A, B, C, and D; and it might be no new investment, it might be disinvestment, it might be support of a blockade of the South African coast, a call for sanctions of the U.N.—whatever it might be, sever diplomatic relations, whatever—people have drawn up lists of various things we might do.

Supposing you were convinced that with respect to any one of those recommendations it would have little or no impact on the human rights situation in South Africa. What would your view be? Would you then say we should not engage in such an action?

Ms. DERIAN. If I believed it was the wrong course, I would not, when asked my advice, counsel that it be done.

We have two things operating. One, the choices that the U.S. Government can make it in its own bilateral policy. We also have an obligation as members of the U.N. to follow U.N. sanctions and to follow those rules and regulations. We have two separate tracks operating.

If, when presented—I assume you mean in my professional capacity as as adviser on policy—I give my views very clearly within that format.

Mr. SOLARZ. Supposing the Security Council recommended sanctions against—supposing there was going to be a vote in the Security Council to impose sanctions against South Africa because of its refusal to abolish apartheid, and we had a vote on it. Obviously, we could veto. Supposing you were convinced that sanctions would not have a significant impact on the human rights situation? How would you recommend we vote?

Ms. DERIAN. If I were so convinced, in the forum provided for me, I would give my honest and straight view.

Mr. SOLARZ. Which would be?

Ms. DERIAN. I think my honest and straight view is, frankly not what you called me up for. Beyond my personal view, my honest and straight view of what I would do as a member of the advisory group to the Secretary of State, I think, is highly irrelevant, because you want from me, I presume, is U.S. Government policy, and that decision has not been taken.

Mr. SOLARZ. Mr. Arnold, perhaps you could give us the benefit of your thinking on this. I am sure you have given this question some thought. How do we justify, if at all, taking actions against South Africa when we don't take them against other countries which may not have, obviously, similar systems, but which, in their own way, are very repressive societies?

Mr. ARNOLD. A number of reasons, I would submit, dictate the course of action we should take. First, I would say that South Africa is the only country in the world that has built into its legal system, into its constitution, into its everyday practice, the discrimination against a class of people solely because of their color. That, in and of itself, has given rise to a situation in South Africa and in southern Africa where violence is imminent, where the possibility of massive loss of life can be as close as tomorrow, where, in terms of our global interests, the possibility of Soviet influence is a very real possibility.

So, in terms of making a decision with respect to what our policy should be towards South Africa, I think one has to look at: One, the system and its denial of human rights; two, that the situation in South Africa is a result of that systematic denial and leads to or can give rise to a threat to international peace and security; three, as a consequence of that threat to international peace and security, it will mean we will be in confrontation with forces in that part of the world which are anathema to what we would like to see, and perhaps what Africa would like to see.

Mr. **Solarz.** You make an interesting and very important point. I gather one of the arguments you advance is, in fact, South Africa is unique because it is the only country in the world that systematically oppresses people on the basis of race.

Ms. Derian, would you concur in that judgment?

Ms. **Derian.** Certainly, to the extent that South Africa does—there are other parts of the world where people are in various racial or ethnic classifications, but nothing like the scale of South Africa.

Mr. **Solarz.** In what other countries is there government-based, legally sanctioned, systematic discrimination based on race? Are there any? Obviously, there are countries where people are discriminated against. People suffer from discrimination in our own country on the basis of race. We try to deal with that, probably not as successfully as we should, although we have made progress.

Are there countries like South Africa where racial discrimination is built into the law, or the system of government, applied by the government?

Ms. **Derian.** As I said, nothing like the scale that you see in South Africa, but there are problems of people who are ethnically described in the Soviet Union as Jews. There are problems——

Mr. **Solarz.** Ethnically described?

Ms. **Derian.** Ethnically described in the Soviet Union as a separate race.

Mr. **Solarz.** Everybody has to sign up their nationality. Anti-semitism is widespread in the Soviet Union.

Ms. **Derian.** There are problems in the occupied territories in the West Bank with Arabs who are under martial law and have a wide variety of things directed toward them because they are Arabic and Islamic and not Israeli and Jewish.

So, there are those kinds of problems that we, having had our own experience, tend to describe as only black and white, which are perceived by people in other places as the same kind of problem. The question I think you are aiming at is, is there in this racial context anything like South Africa? Not precisely. That is why we do precisely the things we are doing.

Mr. **Solarz.** Are there any countries remotely like South Africa?

Ms. **Derian.** Nothing like that.

Mr. **Solarz.** Nothing precisely like South Africa, and nothing remotely like South Africa.

Let me ask you about this question. Obviously, repression in any form is unconscionable and not acceptable. Would you agree or disagree that of all the various forms of oppression, repression based on race is the most insidious of them all, because that strikes at the very dignity of a human being, to know that you are denied equal opportunity simply because of the color of your own skin as distinguished, say, from the nature of your political views, that somehow or another psychologically it is a much more debilitating form of repression than perhaps more widespread forms with which we, unfortunately are familiar?

Would you agree or disagree?

Mr. **Arnold**. It is like the problem discussed earlier, ranking the 10 worst violators of human rights in the World, or trying to determine which you would rather go in the ring against—Mohammed Ali or Larry Holmes. That is a difficult problem.

The denial of human rights on the basis of race, is it any worse than the denial of human rights on the basis of sex? Is the denial of human rights on the basis of political reasons any worse than the denial of human rights on the basis of economic ones? Is the fact that virtually 800 million people in this world are dying of hunger every year, is that a lesser human right than those who are detained in prison?

The reason that South Africa is to me the worst of all those violators is because it cuts across all of those. There is denial that takes place in South Africa if you are a woman and black. You have the same problems of a black person and a woman. Inevitably people who are black in South Africa are poor. Economically, it cuts against them. Politically, they are denied any possibility of changing their lives through the political forum. They have no other choice but violence.

If they do take to that course, then, the laws and courts themselves suppress that violence, making it an enormously explosive situation. It does give reason to be concerned.

Ms. **Derian**. I only add one small part to that, because I think that is as well-rounded a discussion as you will get anywhere. I would add one other thing. In any place where discrimination takes place, it is not telescopic, one unit only. There is no way possible to discriminate against people in one narrow way. When you deprive them of rights for any reason, you wind up depriving them of all rights for all the reasons across the board. What Mr. Arnold has said in terms of the South African experience is the real example of that. It is in every single solitary aspect of life that black people have to suffer in that country.

Mr. **Solarz**. Mr. Gray.

Mr. **Gray**. Thank you, Mr. Chairman.

I would like to pick up on the theme that I suppose was started by my colleague from New Jersey, Mrs. Fenwick, and the chairman has continued, trying to understand how a policy is made with regard to human rights. Could it possibly be in the determination of administration policy with regard to human rights, that you look at a variety of rights, political rights, economic rights, social rights, and therefore those that are targeted fit into the category that Mr. Arnold just pointed out, in terms of the pervasiveness, cutting across all lines, as opposed to other nations, particularly the one used by my colleague from New Jersey, Mozambique, which may have on the one hand some violations of political rights, but may not have extensive violations of social and economic and other kinds of rights?

Therefore, our policy toward South Africa on the question of human rights might be profoundly different from our policy toward a nation like Mozambique, which has open education systems, health clinics, medical care, dismantled discrimination because of race, but does have political violations in terms of the people.

Do you use that criteria when you look at and make determinations as to whether the target would be South Africa as opposed to the Philippines and Mozambique? Even though you are concerned about all of those violations of human rights, some stand out more as mountain peaks, to be dealt with first.

Ms. Derian. Mr. Gray, this is a global policy, so we have not chosen a handful of countries where we will be concerned about human rights and say, "we are going to concentrate on these and not care about the rest because these are really the worst or the most important."

The integrity of the person is one of the things you left out of what is essentially the U.N. Human Rights Declaration. Its basic outline of rights; integrity of the person, economic rights, social, political, those kinds of things essentially make up the system of the body of human rights. To choose among them is a little bit like choosing whether your brain will think as your stomach digests or your respiratory system will work. In order to be an intact human being, healthy and able to move around, all of those systems have to work.

So it is with the matter of human rights. That is, you don't say, look, they're not so bad, while they've got these reeducation camps and people are badly treated, everything else is pretty good. In the first place, it doesn't really work like that, once you start violating human rights anywhere along the scale, you find you have just about touched every aspect of the rights of man.

So, we try to look at the whole picture. We try in every place that we have diplomatic representation, in our bilateral discussions, to raise the issues.

Mr. Gray. You would oppose the policy of some in the administration to provide aid to Mozambique?

Ms. Derian. I often find myself in the decisionmaking process not in the majority. However, I am a member of this Government when a policy is made, I will whenever possible, be able to speak on behalf of the reasons that it was chosen and how it is implemented.

There would not be any point in having more than one person in Government if only one view was ever espoused to the decisionmaker.

Mr. Gray. Mr. Arnold, would you comment on my remarks to the Assistant Secretary?

Mr. Arnold. I am not sure I can add much to it, in part because obviously I am not a part of the administration and their formulation of what should be the human rights policy.

Mr. Gray. From your perspective as a very well-traveled person of the world.

Mr. Arnold. The problem, it seems to me—it is a difficult question for me to answer because at least in terms of my consideration of it, it is the kind of thing that really goes to the very fundamental understanding of world order. I do not know if this country, I don't know if this subcommittee, I don't know if the administration, if any of us has really given any thought to what it means when we talk about human rights.

I tried earlier in my oral presentation, and in part in my written statement, to touch on that. We are talking about how we want to see human beings live the rest of their lives on this Earth. It may be necessary in order to pursue such a policy to take steps that are inconsistent, to take steps that are discriminatory in the sense we don't apply them to other countries, but we ought to have some sort of understanding in mind as to where we are trying to go and what we are trying to achieve.

Without that sort of understanding, it is difficult to formulate any policy. Part of the human rights, it seems to me, involves the whole question, at least as we look at it in the West, is a narrow perception of how life ought to be. That does not necessarily comport with the view that many other nations have. We find ourselves often in conflict with other nations, simply on the basis of how life is supposed to be.

In formulating that policy, we formulate our policy from the United States on a western-oriented sort of basis. That is going to cause difficulty to other nations, and is going to cause difficulty within our own country, if we are not clear as to what that policy is or should be.

Mr. **Gray.** Ms. Derian, as I look at your testimony briefly—I am sorry I was not here to hear it—and also yours, Mr. Arnold—but it seems that you are saying that there are three policies that we are following vis-a-vis South Africa: Outspoken opposition to the apartheid system; support of the Sullivan principles, in terms of opening up economic opportunities on an equitable basis; and also the participation of this administration and this Government in the U.N. arms embargo.

My concern with that is that in light of the severe human rights violations in South Africa, that other than the outspoken opposition which this administration has provided—and it ought to be applauded for that—there is not very much that is new in terms of bringing about a change in human rights.

The Sullivan principles were not formulated by the administration, but by a minister from Philadelphia, Leon Sullivan—I had to get that plug in, Mr. Chairman. And second, the U.N. embargo is something that has been before the United Nations.

My concern is, other than the outspoken opposition, which is important, which has been done by this administration, that we really do not have anything else in terms of a strong policy in opposition to the pervasive human rights violations that exist in South Africa.

I would like to know two things. One, as one person testified before this committee, that outspoken opposition or pronouncement, I think, was the word they used, is a policy. Do you agree with that?

Ms. **Derian.** That is an element of policy. I do agree that is one of the choices you have, whether you speak publicly or not. Most countries are extremely sensitive to international opinion. It has not made much change in South Africa.

Mr. **Gray.** Have the pronouncements made any change in South Africa?

Ms. **Derian.** In terms of substantial change in practices, the statutes, the principles, no. For a handful of people, as Mr. Arnold said, for instance, it is the international outcry after Steve Biko's death, the last person known to have died in detention. That is a crumb, but to the people whose lives that were saved, it is more than a crumb. It is everything to them. You use everything you can in hopes of inching along, pushing for breakthrough. You help individuals when you think you can. At the same time, you are urging a government to change incredibly repressive practices.

You have several things going at once. You do not just settle on the one thing you are going to do no matter what as a policy.

Mr. **Gray**. What other tracks does the administration have, other than outspoken pronouncements?

Ms. **Derian**. I have a list of things here that we have been doing recently. Since early 1979, the United States has used formal, direct diplomatic representation to request the South African Government to commute the death sentence of a person who is waiting for the hangman to come; to protest to the Department of Foreign Affairs the increasing use of closed trials for those charged under South Africa security laws. This is not done publicly.

Rather than read you all of this, I will just say that every facet of repression we have spoken about, we continue to speak about. We appear at trials, we visit people who are banned, we try to keep in contact with people whose family members or fellow organization members are in detention. We have a very active policy of support for people who are working for change.

Do I think that anything great has come about as a result? No. Do I think it is our obligation to continue to try to witness, to be there, to say no, whether publicly or through diplimatic channels? The answer is, absolutely yes.

At the end, you will notice, of the testimony——

Mr. **Gray**. On page 14, you talk about some other types of actions. My concern with the administration and South Africa is, all I hear is, we are speaking out against it. Of course, this administration has done that. Some have never done that. But simply speaking out against the violations in South Africa seems to me to be a nonpolicy. It is totally inadequate in terms of the violations there, to simply say we are visiting with folks, lodging a protest because somebody has been sentenced to jail, privately or even publicly, still does not prevent folks from falling out of police headquarters windows, but at the end of your testimony, you begin to talk more substantially about some steps that may be taken, by referring to disinvestment, limiting new investment.

What is your feeling on the whole question of disinvestment, or the limitation of new investment?

Ms. **Derian**. I spoke to this earlier, Mr. Gray, so I will just recap it in summary.

This question has come up in the public among organizations, among individuals, and in practically every forum with the question of human rights problems in South Africa, and has come up also in other countries. Some people say we absolutely should move into the area of disinvestment, we absolutely should move into a whole range of things that have traditionally in this country not really been subject to use for foreign policy reasons.

While the debate has been going on for 15 years, at least, in the public we have not really addressed it as elements of government, in terms of coming to a decision about the use of economic sanctions. Frankly, I will tell you, I don't know what is best. When I talk to people in South Africa, when I see South Africans who are members of the black community, I find two very strong points of view. One, pull it all out of here. Leave nothing here. It is going to collapse; let it happen now. You have no business letting anything come in here to support the white community.

On the other side, I hear members of equal standing in the black community saying, that will work, when we have change in this place there won't be any infrastructure. After all, it is giving us a possibility for jobs.

I am not able to choose between those, but I do think what we can do is decide in this country not on a specific instance, but just on the general principle of a policy of whether we are willing to use bank loans, U.S. investments, the relationship of multinationals. All those questions that have been raised in the context of South Africa and other countries.

Mr. GRAY. On the basis of that, what would you recommend, economic sanctions or limitation on new investment? I am aware and this committee is very aware of the various plethora of choices. What I would be interested in hearing from your point of view, as the one who has chief responsibility for human rights, is, beyond the policy of outspoken opposition, what would be the more tangible steps that could be taken by this Government to deal with the problem in South Africa?

Ms. DERIAN. I think that we have to have a discussion on the matter of commerce and business. I don't think there is any substitute for it. I don't think I have an answer any more than the Congress has come up with an answer.

Mr. GRAY. Do you have a recommendation?

Ms. DERIAN. I have a recommendation. I believe that this debate and discussion should be engaged in a very formal and clear way.

Mr. GRAY. Do you think the introduction of a piece of legislation limiting new investment would be an appropriate way of causing such a debate? It seems to me we have had quite a bit of debate here on Capitol Hill. I know, as a result of the very outstanding leadership of our chairman in these kinds of hearings where we raise these kinds of questions, and I know in the administration there has been sufficient debate.

If you are suggesting, let's continue the paralysis of analysis, we will not get anywhere on the determination of policy.

Mr. Arnold, what is your view, in terms of economic sanctions, disinvestments, or limitations of new investments?

Mr. ARNOLD. I think the first thing that one has to address is, what do we hope to accomplish by taking whatever course we take? If what we hope by taking a particular posture is to effect a change, it seems to me that would dictate to me what choices we pursue.

If we hope by economic sanctions or total disinvestment that we are going to bring about the downfall of the South African system, I think it is a foolish effort, because we will not. It certainly will have an impact, but it will not bring about fundamental changes in South Africa, because the South Africans, those in power in South Africa see themselves in a struggle for their existence.

One does not have to agree with their characterization of the problem, but that is how they see it. The fact that the United States might well disinvest or that the world might impose economic sanctions is going to have an impact, but I am not certain that it is going to cause them to change their security laws. I am not positive it is going to cause them to be any more responsive to the demands of black people.

If our position is that we as a nation ought not be participating, we ought not in any kind of way find ourselves supporting a system that we consider reprehensible, I think it is very clear what our choice should be. In approaching the problem, one has to make decisions about what it is they want to see as an end result of what particular policy they might pursue.

Mr. **Solarz.** On that point, I think we have a vote on the floor. Those were the second bells. Why don't we recess for 10 minutes? And then we will resume.

[Whereupon a brief recess was taken.]

Mr. **Solarz.** The hearing is resumed.

Mr. Gray.

Mr. **Gray.** Thank you, Mr. Chairman.

Mr. Arnold, you mentioned in one of your responses to a question, I believe, from the chairman the possible growth of Soviet influence in what you describe as a very volatile and potentially violent situation. Could you expand on that a little?

Mr. **Arnold.** Yes; I will.

Mr. **Gray.** Where do you see the Soviet influence having its impact? One of the great arguments used to defend the apartheid system is that it is a bulwark, never failing, against possible Soviet expansion in that region of Africa.

Mr. **Arnold.** We took a break at the point when I was answering one of your earlier questions. Would you like me to complete that?

Mr. **Gray.** Yes.

Mr. **Arnold.** We were discussing the feasibility of economic sanctions, disinvestment, or no new investments in South Africa, and what choices one ought to consider in each of those cases.

I had said, if, on the one hand, one expects to take a particular course of action to, in effect, cause South Africa to do something in response to that, I think that is unrealistic. If one is going to take a particular course of action to disassociate ourselves in South Africa, that might make more sense.

We should also consider if we do take economic sanctions what recourse do we have when South Africa kills the next Steve Biko? If we disassociate ourselves completely from South Africa, how do we influence that country? If we look at the kinds of things that we might be able to do, what kinds of vehicles allow that?

What I am saying by this, if you look at the question of economic sanctions, disinvestment and no new investment, we should look at what should be accomplished.

Mr. **Gray.** What is your stand on that?

Mr. **Arnold.** I think that no new investment is probably a step that this subcommittee should seriously consider, and I would support it. I am not certain, and it has been a dilemma for me all along—the question of economic sanctions, total economic sanctions in South Africa. It is in large part because it seems to me, for the reasons I have given, it would be as good a way as any of influencing events in South Africa itself.

However, it seems to be if the United Nations were to press for this, if certain circumstances occurred in South Africa that would make that a wise choice. I think we should do so.

Mr. **Gray.** Let me ask you a question. You have used this phrase twice in the last few minutes, "influencing events in South Africa." Do we influence events in the Government of South Africa, particularly when just before we broke you described the South African situation as a situation where people are fighting for their lives?

I think also you described in your opening remarks that there is a great potential there for violence. If people are fighting for their very lives, meaning the minority there, the South African Government, do we really exercise any substantial influence?

Mr. **Arnold.** Substantial influence; no. Some influence; yes. I must say.

Mr. **Gray.** Is it meaningful influence, and constructive influence?

Mr. **Arnold.** That influence is in large part dependent on those who exercise our policy. It seems to me we could perhaps have more influence than we do. At the moment, I would say our influence is minimal, and whatever suggestions we might make to the South African Government in large part are not going to be acted upon in any meaningful way.

That obviously counters the argument of economic sanctions and puts it in a different light. The best way to answer what you were asking, people fighting for their lives, the second question you asked me, if I am making a hasty retreat, yes; I am. It is a difficult question.

With respect to the second question you asked, it has been a question that I have wanted somebody to ask me since I have sat here. While we do not really see the totality of what is happening in South Africa, by looking at the security legislation in isolation, or by addressing ourselves to narrow questions, while they are important, they do not really give us an opportunity to understand what is going on.

One of the things that we have observed from our own sort of review of cases in South Africa is the enormous buildup of arms inside South Africa, and of the potential threat of violence.

I would like, if I could take a few seconds, to give you a scenario, to look at it in this way. Your question to me was, would it have Soviet influence? Those in South Africa who feel there is no recourse within the system itself, no political recourse for them, have felt that they have no other alternative but to turn to violence. In turning to violence, they need weapons. The United States has a stated policy that it will not support struggles for liberation. It will not supply arms. If the United States is unwilling to supply arms, and a person inside South Africa is looking for arms, and the Soviet Union is willing to supply those arms, we have a Soviet presence possible.

When I say Soviet presence, I am not speaking in the sense that it is often spoken of: A very tangible involvement of the Soviet Union with long-term geopolitical interests in mind. I am speaking solely in the sense that there is an influence as a result of supplying large numbers of people with military arms.

We have seen cases that I have looked at in the last 2 years, certainly since 1976, of an enormous buildup of arms within the country, and of people who come back from training abroad, and have various caches of weapons throughout South Africa. The South Africans have used the security legislation to address themselves to that problem. What is happening, they will detain an individual under the security laws without giving them a warrant for arrest. They will hold him indefinitely. Torture is often used to extract from him not only information about what he was charged with, but others who may be involved in activity of the guerrilla type.

When that information has been gleaned from him, the next person is detained. The same process. Breaking down guerrilla warfare in South Africa, that is a very real thing going on there. How soon it is going to erupt, I don't know, but it is happening on the borders of South Africa. In the last year alone, we have had a bank seizure take place, enormous border confrontations going on.

To ignore that, ignore where those weapons are coming from, is a very serious, I think, act of malfeasance by anyone interested in South Africa.

Mr. Gray. Thank you, Mr. Arnold. I appreciate your testimony.

One last question for the Assistant Secretary.

Would you urge Ford and General Motors in South Africa to stop selling vehicles to the South African police and military?

Ms. Derian. Yes, I would. However, I don't believe they are selling any vehicles which contain any parts exported from the United States. Both Ford and General Motors in South Africa sell vehicles to the South African Military avoiding U.S. Commerce Regulations prohibiting such sales by manufacturing the vehicles in South Africa without using any parts made in the United States.

Mr. Gray. I would urge you to check. I think they are.

No further questions.

Thank you, Mr. Chairman.

Mr. Solarz. Thank you, Mr. Gray.

Mr. Arnold, if in fact the policy of disinvestment or other kinds of economic sanctions would not bring the South African Government to its knees, and the system of apartheid will continue, but in your view, given the kind of system they have, it makes sense for us to disassociate ourselves from South Africa, given what we stand for and given what they stand for, how would you justify policy designed to disassociate ourselves from South Africa on one hand which did not require comparable forms of disassociation from other repressive regimes elsewhere in the world, where you might agree that we were not in a position to bring the regime down, but given what we stood for and what they stand for, some might say that we should disassociate ourselves also?

Mr. Arnold. It goes back to your earlier question to Ms. Derian, why we should take a particular policy approach to South Africa that we do not to other countries. It may well be as a result of looking at too many political trials in South Africa. I see a picture there that is perhaps far grimmer than it is, but it seems to me that we are looking at a very real possibility of massive violence inside South Africa very shortly.

That in itself should give rise to some consideration about what our position should be. If we look at it in that light, what amounts to inconsistency in taking a particular stand with respect to South Africa and not taking it with respect to some other country can make some sense.

Mr. **Solarz.** If you come to the conclusion that the kind of actions that have been mentioned would not have a significant impact on the internal situation in South Africa, what is the possibility of imminent and widespread violence as a result of this kind of action? What is the relationship between the situation you described in terms of violence and the kind of action that you endorse?

Mr. **Arnold.** You are asking a question I am not even sure I understand.

Mr. **Solarz.** Ordinarily, one would think that you would argue the argument that South Africa is a volcano on the verge of explosion, ergo, we should bring pressure on South Africa to make changes so that the volcano does not explode. If it does explode, it is bad for them, bad for us, bad for the world.

On the other hand, if you argue that the kind of action we might take really is not going to have much of an impact on reducing the possibility of violence in South Africa, then I do not see how your assumption that imminent violence is widespread constitutes a justification for the action, which you endorse.

Mr. **Arnold.** I think I understand. I must say your clarification is more confusing than your earlier question, but thinking about it, I think I understand.

I think—my sense of this is, yes, there is violence, and it is possible very soon. The question I think you are asking is, if there is violence, and you see it as being so imminent——

Mr. **Solarz.** Why is that justification for taking actions to disassociate ourselves from South Africa?

Mr. **Arnold.** In the past, we have looked at situations throughout Africa where we have been involved. A better example, a much better example is Iran. I think that Iran stands for that. We had, I think, in Iran a situation that was as explosive, as now shown, as we have in South Africa. We allowed ourselves to continue to be seen in a situation where we were supporting a repressive regime. That regime failed, and now we stand on the brink of all kinds of nasty things happening in the world as a result of that.

Mr. **Solarz.** You are saying we ought to take these actions because the Government may well be overthrown, and this will put us in a better position?

Mr. **Arnold.** It may or may not, but if you take the position you stated earlier, that the ethos of this country dictates a particular policy that we ought to have, we ought to do that. If our country stands for a respect for human rights and human dignity, I think we ought to be in a position where we can say, yes, our position with respect to South Africa is reflective of our concern.

Mr. **Solarz.** Presumably we should say the same thing about our policy vis-a-vis every country in the world?

Mr. **Arnold.** Every country in the world in the same situation of potential explosiveness, of imminent violence, as in South Africa. Is every country in the world offering the same kind of threats to international peace and security? Those are the considerations you look at.

You are the chairman of the Subcommittee on Africa, a continent, and yet there is no Subcommittee on Europe.

Mr. **Solarz.** Yes, there is.

Mr. **Arnold.** Is it called the Subcommittee on Europe?

Mr. **Solarz.** And the Middle East. And the Subcommittee on Asia.

Mr. **Arnold.** What I am addressing myself to is, Africa is a continent of 51 nations. Of those 51 nations, they all have one thing that unites them. That is their opposition to South Africa. How likely, we do not know, but it is certain that 51 nations in Africa are prepared militarily to support any call for violence against South Africa. That is a very real thing, and we ought to be concerned.

Mr. **Solarz.** Ms. Derian, are there any actions which we have taken with respect to other countries as a result of human rights problems that we have not taken toward South Africa?

Ms. **Derian.** No, I do not think so. I cannot recall any right off the bat, no.

Mr. **Solarz.** For example, are there any countries with which we terminated diplomatic relations because of human rights problems?

Ms. **Derian.** No. The objective of this administration is to be able to have diplomatic relations no matter how cool and formal they may be, in order that some dialog may take place.

Mr. **Solarz.** There are obviously things we have done. For example, we embargoed trade with Uganda, because of the human rights problem under Idi Amin. We have not done that with respect to South Africa. Now that I have refreshed your memory a little bit, can you think of any other kinds of actions we may have taken, perhaps, of an administrative or diplomatic nature, that did not involve legislation with respect to other countries that we have not taken toward South Africa?

If you can't think of it off the top of your head, could you perhaps submit a list for the record if there are any other examples?

Ms. **Derian.** I do not believe there are.

Mr. **Solarz.** Do you agree Uganda would be an example?

Ms. **Derian.** I have questions about the exact formulation of how events terminated there.

Mr. **Solarz.** Not how they terminated. The question is, what actions have we taken as a government as a result of human rights problems that we had with other countries that we have not taken with respect to South Africa? There clearly is one.

Ms. **Derian.** I will take your question and get back. I am interested in the question itself. That is, do you believe that there are places where we have somehow taken action that is stronger or weaker?

Mr. **Solarz.** That is what I am trying to find out. I want to know whether or not we have done things in other parts of the world, in other countries, that we have not done in South Africa. This does not necessarily mean that we should do those things in South Africa. I would like to get a sense of what the economic, administrative, diplomatic, military, political options are.

Ms. **Derian.** I think the answer I gave originally will stand. In terms of Uganda, I think it was finally the action of the Congress, a resolution on coffee. I believe that was the extent of it.

Mr. **Solarz.** Mrs. Derian, I was intimately involved. We established—I won't give you the whole legislative history, but there was an embargo on American trade with Uganda, and it did not result from the fact that we decided that the American people did not like Ugandan coffee.

Ms. **Derian.** I did not mean to imply that.

Mr. **Solarz.** Or it had a potential for disease. We did it because we felt this was the way, because of the human rights situation in Uganda, and that was 99.9 percent of the justification for it.

We have not imposed an embargo on South Africa. That does not mean we should not. Can you give me some examples for the record, if you can come up with any?

Ms. **Derian.** Yes, I will be glad to.

[The following was subsequently submitted:]

The following are examples of U.S. actions not taken with regard to South Africa but applied to other human situations as a result of human rights Problems.

1. Rhodesia—The U.S. voted for and gave effect to resolutions of the U.N. Security Council which determined that the situation constituted a threat to the peace and imposed mandatory sanctions against the Smith regime in order to end its rebellion and defend the U.N. Charter right of the people of Rhodesia to self-determination.

2. Establish a military and economic boycott against Iran in protest of the hostage situation which represents a serious human rights problem.

3. The Jackson-Vanik Amendment conditions the granting of (most favored nation) MFN status to countries with nonmarket economies upon the receipt of adequate assurances that the right to free emigration is respected.

4. We closed our Embassy in Equtorial Guinea in 1976.

Mr. **Solarz.** You indicated we institutionalized concern for human rights in our foreign policy through your office and other mechanisms. Obviously, you know, it makes us feel better. Those of us who are concerned about human rights do know that this is a consideration of our foreign policy.

Can you point to any specific successes, in terms of our human rights efforts around the world, where the human rights situation has clearly improved in a particular country essentially because of our efforts?

Ms. **Derian.** We have a document that I would be glad to supply to you, but I would like to say before I send it up, ultimately it is not the United States that brings change in other countries. The change comes from within. It would not only be unseemly but arrogant and unrealistic for us to say, because of the human rights policy of the Government of the United States, 30,000 people who were in prison in Indonesia many years ago are now walking around freely on the streets of the communities that they live in.

The fact is, while we pressed very hard in that instance, the decision was finally taken by the people of Indonesia. If you would understand, when that paper comes, where the changes come from——

Mr. **Solarz.** I am not interested in simply changes that occurred for the better in situations where we expressed concern and took some action. I am interested in a list of changes for the better that took place where we believe that our representation or our actions contributed significantly to that improvement; not necessarily exclusively, but significantly, understanding, obviously, that it is the host government that has to make the decision.

You can submit that?

Ms. Derian. Yes; we have such a document.

Mr. Solarz. Is it a lengthy list or a little list?

Ms. Derian. It is a list that you would not have been able to produce in 1976 or 1975 or 1963.

Mr. Solarz. If such list exists, I think that is very important.

[The following was subsequently submitted:]

The following are a few illustrative examples of improvements in 1979 although they are not necessarily attributed to U.S. actions:

1. In Latin America, both Ecuador and Bolivia installed civilian governments. Peru adopted a new Constitution, Brazil maintained a steady course of liberalization, and there were fewer disappearances in Argentina. In Uruguay, the Armed Forces apparently adopted effective internal measures to stop the use of torture.

2. Despite the Letteller-Moffitt case, there are some encouraging signs in Chile—cases of prolonged arbitrary detention were down and there have been no disappearances since 1977. Further, there was some easing up on restrictions on freedom to speak out and to criticize the government.

3. Jewish emigration from the Soviet Union reached record levels although the numbers of applicants for emigration and of refusals also increased (and the figures have gone down substantially in 1980).

4. The Indonesian Government has released approximately 32,000 political prisoners over a three-year period ending in 1979.

5. After a period of serious civil strife, student riots, and politicized executions, Nepal has embarked upon an experiment in elective democracy.

6. In August, the Tunisian Government released most of its political and trade unionist prisoners including the leader of the Tunisian National Union Federation.

7. Three African countries—Central African Republic, Equatorial Guinea, and Uganda witnessed the fall of repressive regimes.

8. Nigeria, the richest and most populous country in Africa moved from military to civilian rule with the election of President Shagari in August. The Nigerian military has consistently supported not only the transition to civilian rule but also efforts to establish regional institutions in Africa for the protection of human rights.

9. Election for President and a 140-seat Parliament were held in Ghana in July and power was transferred to elected civilians at the end of September.

10. Zimbabwe became independent and elected a majority rule government.

11. A number of significant steps were taken to create regional institutions for the protection of human rights in Africa:

(a) In September, the UN sponsored a meeting in Monrovia to discuss the creation of a regional human rights commission. The conference recommended the establishment of a 16-member commission under the auspices of the OAU to conduct investigations of human rights abuses in Africa.

(b) At the 16th annual OAU conference in Liberia in July, a resolution was adopted calling for an African charter of human rights.

Mr. Solarz. Can you tell us—do you know the figures on how many people are banned in South Africa today?

Ms. Derian. I do think that I have those figures.

I think that they were in my testimony.

Mr. Solarz. While you are looking for that——

Ms. Derian. 152 is our latest figure, and the figure in my testimony was—we have 146 in the testimony.

Mr. Solarz. How many are black, and how many are white?

Ms. Derian. I don't have a color breakdown. We will try to get one.[1]

Mr. Solarz. Can you give me, for the record, figures on how frequently our Government has protested to the South African Government about human rights violations on an annual basis since the present administration took office in 1977?

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[1] The subcommittee was subsequently informed that the color breakdown figures were not available.

**Ms. Derian.** I could not possibly, because it not only goes through the formal diplomatic procedures, formal procedures, meetings arranged to discuss other matters, it is consistent, it is constant. It is all-pervasive in our policy, which is well known to the South African government.

**Mr. Solarz.** Can we point to any improvements at all in the South African situation in any shape, manner, or form resulting from any of our representations or actions? Would you have to say, unlike the successes we have had elsewhere, in Africa we cannot point to any progress?

**Ms. Derian.** I might speak more clearly on the effects of the combined international pressure. I do not mean that exclusively to be U.N., but there are a number of other countries making representations, in certain instances, for instance, in this forced resettlement of these two people. As a consequence of the internal outcry, they have suspended that for now.

The problem with claiming any kind of success is that the base, the whole system of apartheid remains intact. It handicaps people, individuals and sometimes groups of them.

**Mr. Solarz.** Could you send in for the record a list of whatever improvements in the human rights situation in South Africa have taken place since 1977 which in our view are the result of either American or international representations or efforts?

**Ms. Derian.** Sure, with the caveat that we are not trying to claim that any of that system has been dismantled.

[The following was subsequently submitted:]

As I described in my testimony, the Botha government has allowed a relaxation of certain petty apartheid measures (e.g., an easing of restrictions against multiracial sports, the removal of "whites only" signs from some public places). However, in sum, none of these measures has made any real change in the overall pattern of apartheid; Black South Africans remain excluded from the political process and continue to be denied their basic human rights.

**Mr. Solarz.** Did we protest the decision by the South African Government to take Bishop Tutu's passport?

**Ms. Derian.** Yes.

**Mr. Solarz.** We did. Did we ask them not to ban the bishop?

**Ms. Derian.** I am not sure what the specific language of it was, but what we generally say in a situation like that is that we hope that no penalty will result from the person's wishing to come to the United States, particularly at our invitation.

**Mr. Solarz.** Did we ask the South African Government not to ban Mrs. Mandella?

**Ms. Derian.** What is the year she was banned? I will find out.

**Mr. Solarz.** Will you produce that answer for the record?

**Ms. Derian.** What I would like to establish, Mr. Chairman, is that there is another side of that coin that I would like to establish very clearly. We have not only never requested that anyone be banned, but our views on banning are well known, not only to the Government of South Africa, the police and security forces, but the press and public.

**Mr. Solarz.** Mr. Arnold, of all the various violations of human rights in South Africa from the point of view of the blacks in South Africa, which would you say are the most onerous? Obviously, they are all a problem, but are there some that create more problems than others?

Mr. ARNOLD. Without question, the pass laws, certainly, in my trip to South Africa, were the thing that was constantly raised as a potential—If I can rephrase this, I asked a number of people in the African community what did they see as a potential spark for another Soweto. They gave me three things, and it is interesting. One of those three things has been the result of what we see now on the Cape. First and foremost, the pass laws; second, housing; and third, education; and the fourth was employment. That was raised as well, but the pass laws, without question, have been the one thing, because it is the graphic, the day-to-day reminder that you are less than a full citizen.

Mr. SOLARZ. What are the restrictions that exist under the pass laws? Can you tell me briefly?

Mr. ARNOLD. They are numerous, and Ms. Derian is going to give a recitation, but in part you cannot be in certain urban areas more than 72 hours. Blacks have got to be in a township and cannot leave to Johannesburg proper. There are certain restrictions under the Urban Areas Act that set out the conditions under which blacks can travel.

Mr. SOLARZ. Is it true that under a mechanism in the pass laws, workers coming into urban areas from the homelands are denied the right to have their families come with them?

Mr. ARNOLD. Yes.

Mr. SOLARZ. In other words, if a worker comes from the Transkei to Soweto, he is given a pass for himself but not for his wife and children?

Mr. ARNOLD. Yes. Influx control.

Mr. SOLARZ. That would be the mechanism?

Mr. ARNOLD. Yes.

Mr. SOLARZ. Is that considered a particularly onerous aspect of the pass laws, to suffer the enforced separation of families?

Mr. ARNOLD. Yes; it is. It has led to—we saw this with respect to the crossroads, the establishment of squatter camps where wives and children separated from their husbands and fathers for long periods of time felt the only thing they could do to maintain their family life was to move to the same area where the male is working.

That has resulted in large urban sprawls and squatter camps.

Mr. SOLARZ. These are the second bells. It is getting late. I want to thank both of you for your testimony.

What I would like to do is submit some additional questions to both of you for the record, and if you could provide us with answers to those, we would appreciate it.

Ms. DERIAN. We have a good deal of information on pass laws. I will put it together for you.

Mr. SOLARZ. At this point in the record, if that information can be included, it would be helpful.[1]

Mr. SOLARZ. We probably will have some supplementary questions above and beyond what we have already asked.

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[1] At time of publication, no information had been received.

Let me thank both of you very much for your testimony. I hope you will forgive me for being a devil's advocate, but I think if these hearings are going to serve a useful purpose, it is important that we get answers to the kinds of tough questions we are confronted with on the Hill day in and day out.

Thank you very much.

The hearing is adjourned.

[Whereupon, at 1 p.m., the subcommittee adjourned, subject to the call of the Chair.]

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# U.S. POLICY TOWARD SOUTH AFRICA

## American Corporations in South Africa: The Sullivan Principles

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THURSDAY, MAY 15, 1980

House of Representatives,
Committee on Foreign Affairs,
Subcommittees on International
Economic Policy and Trade
and on Africa,
*Washington, D.C.*

The subcommittees met at 10:10 a.m. in room 2200, Rayburn House Office Building, Hon. Jonathan B. Bingham (chairman of the Subcommittee on International Economic Policy and Trade) and Hon. Stephen J. Solarz (chairman of the Subcommittee on Africa) jointly presiding.

Mr. Solarz. The hearing of the subcommittees will come to order. Today the Subcommittee on Africa and the Subcommittee on International Economic Policy and Trade will hold the first of three hearings concerning the issue of American corporate involvement in South Africa. These hearings are part of a larger series of hearings in which we are now engaged, designed to explore all of the ramifications of U.S. policy toward South Africa.

At our session today, however, we will focus upon the Sullivan principles, a set of guidelines which seem to insure equal employment opportunities and genuine prospects for advancement for nonwhite employees of American corporations in South Africa.

The consideration by our two subcommittees of American corporate involvement in South Africa is one component of an extensive series of hearings which we have been conducting. As we examine that policy, we will be paying particular attention to America's economic ties to South Africa.

Despite the fact that the United States has often asserted its deep-seated opposition to the system of white supremacy in South Africa, our Nation's direct and indirect investment in South Africa is estimated to be over $5 billion. In our hearings on American corporate involvement in South Africa, we will analyze the reputed benefits which American corporations can provide to their nonwhite employees as well as the possible support which our corporate presence gives to the apartheid system. In judging whether a continuing corporate presence by the United States is justified, we wiil take a close look today at the effectiveness of the Sullivan principles.

These principles, named after their author, the Rev. Leon Sullivan, who is one of our witnesses today and who has testified before the subcommittee in the past, have been signed by about 135 of the 350 American corporations in South Africa. Proponents of the principles maintain that they exert a positive influence on the life chances of not only the Sullivan signatories' employees but also on all the 70,000 nonwhites laboring for American corporations and many nonwhites working for other foreign or domestic firms.

They also suggest that as it expands, the Sullivan code promotes U.S. business involvement in peaceful social change—such as the recent official recognition of black unions and the increased resources available for educational and social service efforts.

On the other hand, critics of the principles assert that the Sullivan code does not call for or inspire major structural changes such as sharing of political power, abolition of influx control, equality in education, technical training throughout life, or the recognition of black property rights. They also state that many Sullivan signatories have failed to meet the letter or even the spirit of the equal employment opportunities guidelines.

To help us explore these important questions today, we will hear from Rev. Leon Sullivan, the very distinguished pastor of the Zion Baptist Church in Philadelphia and founder and chairman of the board of the Opportunities Industrialization Center. Joining Rev. Sullivan on our panel will be Desaix Myers III, deputy director of the Investor Responsibility Research Center and author of the book, U.S. Business in South Africa; and William Broderick, Director of Intergovernmental Affairs of the Ford Motor Co.; and Donald Taylor, president and chief operating officer of Rexnord.

Since this subcommittee is privileged to have on it another distinguished minister from Philadelphia, I thought perhaps my good friend Mr. Gray might care to say a word or two about our distinguished guests before we begin.

Mr. GRAY. Thank you. I certainly would like to welcome all of our guests before our committee on this crucial question of corporate involvement in South Africa and the very pressing issues of policy with regard to South Africa.

I am particularly delighted to welcome Rev. Leon Sullivan, who is a giant not only in Philadelphia but also throughout our Nation; and I have the privilege of representing him in the U.S. Congress since he lives in the Second Congressional District. So I would like to extend a particular special welcome to the man who is affectionately referred to in Philadelphia as the "Lion of Zion."

[General laughter.]

Mr. SOLARZ. Thank you very much.

We have just been joined by the chairman of the Subcommittee on International Economic Policy and Trade who is cochairing the hearing today.

Mr. Bingham.

Mr. BINGHAM. Thank you, Mr. Chairman.

I just wanted to join in welcoming our witnesses and particularly Reverend Sullivan. I have known of his work for a great many years, and OIC has an excellent operation in my district, and we are glad to have you here today.

**Mr. Solarz.** Thank you.

Reverend Sullivan, do you want to proceed?

Let me say to each of the witnesses that your prepared testimony will be included in the record as it was submitted. In the interest of facilitating the maximum exchange possible, if you could possibly try to limit your oral presentation to around 10 minutes, that would be appreciated.

## STATEMENT OF REV. LEON SULLIVAN, PASTOR, ZION BAPTIST CHURCH, AND FOUNDER AND CHAIRMAN OF THE BOARD, OPPORTUNITIES INDUSTRIALIZATION CENTERS OF AMERICA

**Reverend Sullivan.** Mr. Chairman, Mr. Bingham, and my Congressman, Mr. Gray, my name is Leon Sullivan. I welcome this invitation to testify at this hearing of the Subcommittee on Africa of the Foreign Affairs Committee of the House of Representatives on the fair employment code established for American companies doing business in South Africa.

First, I want to state unequivocally and categorically that I am completely and totally opposed to apartheid. I want to see its total elimination. We cannot permit apartheid to continue to exist on Earth today. It must come to an end one way or another. And I am attempting to do what I can to help bring it to an end by using economic and humanitarian means. Otherwise, a violent answer is inevitable.

A number of years ago I supported the position that American companies should withdraw from the Republic of South Africa. In fact, in 1971 I stated this position publicly in a stockholders meeting of the General Motors Corp. of which I had become a director, opposing the entire board of the company on this matter. I was perhaps the only board member of a major corporation in the world who made that kind of pronouncement.

I held that position until in 1975 I stopped in a Holiday Inn near the airport in Johannesburg on my way to establish an OIC program in the small Kingdom Lesotho in South Africa. While there I met with many people all through the night and day, most of whom had learned I was there because of a statement I made to the newspapers upon my arrival attacking apartheid. My condemnation of the system appeared in bold headlines. In the papers I invited anyone who wished to meet with me to discuss their views on the matter.

During the discussions that followed with blacks, Asiatics, coloreds, and whites, I was urged over and over again to attempt to see if it were possible to make American companies and other companies of the world truly instruments for racial change in South Africa. I was told that it had never really been tried before.

It was following that journey in South Africa and after much prayer and consultation with my family and deep consideration of what would be involved that I decided, with the help of almighty God, to begin this effort as a nonviolent initiative for change in South Africa.

At the onset I was aware of the tremendous odds against succeeding. I was conscious of the depth and the deep rootedness of apartheid in that country, and also aware of the fundamental nature of business—cold, profit seeking, too often unmoved by humanitarian needs. Nevertheless, I decided I would make the attempt. I believed God was able.

I then proceeded to organize American companies to unite and act against racial discrimination in their own operations in South Africa first, and to take a stand against apartheid. My efforts began with an unpublicized gathering of the chairmen of 16 of America's largest corporations in a place called Sands Point, N.Y., in January 1976. Following that meeting I proceeded to develop a set of fair employment principles to guide American businesses in their dealings with black and other nonwhite workers. I also outlined the role that should be played outside the work environment for improving and changing the living conditions for nonwhites and other aspects of their lives, and to confront the system.

The principles were conceived and developed as an evolving process so that they could be strengthened and expanded step by step. I started with 12 supporting companies in March 1977. As of now there are 137 participating companies, and 160 companies that as yet have not signed the principles.

All along I have told the companies that the vigorous and full implementation of the principles is key and that companies must not use the principles as a camouflage to hide behind. I have emphasized the importance of results and that all companies who sign the principles are expected to become a part of task groups and are expected to abide fully by the guidelines and report progress on a regular basis for evaluation, assessment, and measurement. I have stressed that results and accountability must be the watchword.

The services of the Arthur D. Little Co. were secured to develop the reporting mechanism and to receive, compile and analyze, and interpret reports from signatory companies. The Arthur D. Little Co. in my opinion has done an outstanding and objective job.

At the very early stages I traveled to Great Britain at my own expense and to Denmark and Sweden to secure international support for the principles. Commitments of cooperation were received from companies in Sweden and Denmark. Later, following my visits and my talks in Great Britain, the British, along with other European Common Market nations, developed their own code of conduct for South Africa patterned after the principles, as did Canada and business groups within the Republic of South Africa.

There are now more than 13 codes of conduct from nations around the world. The principles which started as a ripple became a wave. Although the present 137 signatory companies represent 80 percent of the South African work force in American subsidiary companies and although there is progress being shown and many reasons to be encouraged because the principles are beginning to work—I repeat are beginning to work—I am still far from being satisfied.

The signatory companies can and must do much more, so I will be turning the screws more and more, turning the screws for every company to end all vestiges of the discrimination by the end of 1981, turning the screws to upgrade blacks to every level of occupation in every company in every business, turning the screws to put something back into that country to help alleviate the conditions of blacks and other nonwhites whereas so much has been taken out. Now I require personally that it be put back in.

This is particularly true for the furtherance of educational objectives, for we strongly believe that the development of an educational infrastructure for blacks and other nonwhites in South Africa is essential for total liberation, and whatever happens in the country, the education of the people will still be essential.

Ultimately, the full support of all companies in South Africa and from around the world behind educational, economic, social, and other needs on a massive scale will be absolutely necessary for the kind of impact desired; and it must become a worldwide movement.

During the past year I have been visited nearly every week by representatives and leaders of black and other nonwhite populations in South Africa. When I raised the question of whether I should continue this effort because I have been ambivalent, I have been requested time and time again to please continue and to not stop what I was doing.

As a member of a prominent grassroots group who was visiting with me when I raised the question said, I implore you, please do not stop what you are doing. It's too important to our people not to continue.

I am continuing to assess how far I should go in this effort on an ongoing basis. The degree of the future effectiveness of the principles will be the determining factor.

No one owns me. No company in this world owns me. No one but God almighty and my wife sometimes tells me what to do. [Laughter.]

Since the beginning in 1977 the principles have thus far been a valuable catalyst for change. Many things now happening in South Africa are traceable to the influence of the principles. The principles have given South Africa its first viable affirmative action program by which businesses can be measured for the equal treatment of their workers.

They have also established a new worldwide sensitivity to the humanitarian role companies can and must play in South Africa in the future as well as in other Third World nations. The principles have their own momentum now and will continue to change conditions.

I must caution again though that we realize how much the principles can and cannot accomplish. The principles are a catalyst. They can help produce change, but they cannot end apartheid by themselves. The principles can be a part of a solution, but by no means the whole solution, for in order to totally eliminate apartheid, help must come from churches, unions, educational institutions, governments, and worldwide public opinion.

Although there must be strong supportive efforts by South African businesses and institutions within the country, including the nonviolent efforts of the people themselves against the racial laws, in the final analysis the value of the principles can only be measured by the results.

And in the prepared testimony, sir, you will find a listing of the kinds of results which have already begun to become obvious. In the last 36 months 75 percent of the signatory companies that have signed the principles have desegregated their eating and comfort facilities, although it had been said before the principles it could not be done.

Our goal by the end of 1981 is the complete desegregation of all American enterprises in South Africa. More than 75 percent of all signatory companies have for the first time established equal pay standards for equal or comparable work for the same period. By the end of this year we want that established in every company.

As a result of the impact of the principles, the Wiehahn Commissions, along with other subsequent codes participating in their influence, came into existence by action of the Government to examine policies and laws. Already some of these recommendations, although many still are so very weak, are beginning to become implemented.

Of significance last year, 10 South African companies, employing more than 750,000 workers, mostly black, agreed to adopt in total the principles and also use their influence to encourage the Government to promote change. This means the principles are now not only reaching the American-based companies and the 100,000 workers, but combined with South African-based companies, the principles now are directly beginning to affect over 100,000 black and nonwhite workers, so that number by this time is over 1 million.

In developing an educational infrastructure beyond desegregation, the major thrust of the principles is in education. The number of scholarships for blacks and nonwhites since the principles now amounts to over 600. By the end of this year, there will be 1,000. By the end of 1984, the goal is 5,000. Adopt-a-school programs until there is equal education for all children, are only an interim effort because the goal is equal educational benefits for every child.

Seventy schools now adopted are serving 50,000 youngsters. The projected goal is 100 schools by the end of 1980 and 1,000 schools by 1984 serving 500,000; literacy and basic education; by 1984, reaching at least 1 million by companies' teaching staffs; contribution of hours of job training by 1984 reaching millions of hours; management and development training for blacks and other nonwhites, presently 1,000 professionals, supervisory and management training, by 1984, tens of thousands; skills training programs in housing and externals, 7,000 presently enrolled, 10,000 by the end of 1980, 100,000 by 1984.

Sir, before the principles, these numbers were like fingers on a hand. The ultimate aim of the principles, as we look ahead, is a nonviolent revolution of education and opportunities that will change the status of blacks and nonwhites in that country so that they can compete equitably on every score with anyone else in that nation. By that time, apartheid has to come to an end by that time anyway, but they will be ready so they won't be subjugated, so that integration without preparation will not be frustration. Otherwise, they will still be at the bottom of the pole.

Right now we must develop a process and an infrastructure so that as freedom comes—and it is going to come sooner than many people think, one way or another. I am trying humanitarian, nonviolent means, but one way or another, it is going to come. But blacks and nonwhites must be able when it comes, to sit in the houses of Parliament, to be managers of businesses, to sit on the boards of directors of businesses, to be foreman, supervisors, to help run that nation. For that nation to be truly free, it must be the nation of everyone who is there.

The goals I describe in this testimony represent only those for American corporations. If given added support and cooperation from businesses around the world, the results will be multiplied, and the effect will be revolutionary.

As of October of this year, there will be a fourth report on the progress of American signatory companies. The report will be more stringent than the past three reports, and when that report is made, I will be publicly requesting that the schools, universities, stockholders, consumers—all who are interested in freedom and opportunity for people—see where their companies are on that report.

I have no intangible personal commitment for companies to either remain or leave South Africa at this time, whether they stay or leave. But as long as the companies remain there, I believe that they should use their great influence to help change the system that made it possible for them to make excessive profits off of cheap labor, lack of workers' rights, and segregated employment practices. I am just not going to stand for it anymore.

In our view, companies which do not actively work to help change the system have no justification for remaining in the country, so I will be pushing, pushing, turning, turning to see that the principles become more effective. I will be responding to your questions as they come relative to the questions of the committee about sanctions, and I am prepared—opportunities, and I am ready; new investments, and I am ready; or anything else you want to ask, I am ready.

But, Mr. Chairman, let me make this final comment. Come what will or may—and the world can listen to it—the day will come when the hopes of the freedom charter of South Africa will become a reality. That charter envisions and includes the following.

South Africa belongs to all who live in it, black and white, and no government can justly claim authority unless it is based upon the will of all the people. Every man and woman shall have the right to vote and stand as a candidate for all bodies which make laws. All people shall be entitled to take part in the administration of the country. The people shall share in the country's wealth. All apartheid laws and practices shall be set aside. This day shall come, hopefully by peaceful means. But one way or another, by the grace of God, it is going to come.

Thank you very much.

[Reverend Sullivan's prepared statement follows:]

## Prepared Statement of Rev. Leon H. Sullivan, Pastor, Zion Baptist Church, and Founder and Chairman of the Board, Opportunities Industrialization Centers of America

Mr. Chairman:

My name is Leon Sullivan. I am a clergyman and Pastor of the Zion Baptist Church in Philadelphia.

I welcome this invitation to testify at this hearing of the Sub-committee on Africa of the Foreign Affairs Committee of the House of Representatives on the Fair Employment Code, established for American companies doing business in South Africa.

First, I want to state, unequivocally and categorically, that I am completely and totally opposed to apartheid. I want to see its total elimination. This is the main objective in all that I am attempting to do in this regard, and although I am ully aware that the Principles *cannot*, by themselves, eliminate apartheid, it is my aim and hope that they will help, along with other thrusts and forces, to bring an end to apartheid, all together, as soon as possible, and all the evils that it represents.

It is my utmost desire to work, along with others, towards that end. There are more than 600 million Black people in the world, and for the sake of humanity, justice and God given rights to people, we cannot permit apartheid to continue to exist on earth today. It must come to an end, one way or the other; nd I am attempting to do what I can to help bring it to an end by using economic and humanitarian means, otherwise a violent answer is inevitable.

Briefly, to review the history of what has become generally known as the "Sullivan Principles," it must be ealized that the development of the Principles must be seen cybernetically; this is to say, one thing led to another.

A number of years ago I supported the position that American companies should withdraw from the Republic of South Africa. In fact, in 1971, I stated this position, publicly, in a stockholder's meeting of the General Motors Corporation, of which I had become a Director, opposing the entire Board and the Company, on this particular matter.

For four years I held that position, until in 1975, on a trip to South Africa, primarily to establish an (OIC) Opportunities Industrialization Center, a Manpower Training Program for school leavers and dropouts, in the small independent kingdom of Lesotho, I stopped over for a brief visit in the Holiday Inn, near the airport in Johannesburg. While there I met with many people all through the night and the day, most of whom had learned I was there because of a statement I made to the newspapers upon my arrival attacking apartheid. My condemnation of the system appeared in bold headlines. In the papers I invited any who wished to meet with me to discuss their views on the matter.

During the discussions that followed with Blacks, Asiatics, Colored and Whites, I was urged, over and over again, to attempt to see if it were possible to make American companies and other companies of the world, truly instruments for racial change in South Africa. I was told that it had never really been tried before. This was most clearly expressed in a letter I received from the Secretary of the powerful Garment Worker's Union, on my return home, which read:

> "...1) Basically, the point to be made is that rather than encourage the withdrawal of American capital from South Africa ( We regard this as a negative act (a) it would not have 100% success and is therefore, a meaningless gesture and (b) it is negative in itself), you could take a positive stance and call for American companies in South Africa to recognize the same working conditions they employ in America..."

It was following that journey to South Africa, and after much prayer, consultation with my family, and deep consideration of what would be involved, that I decided, with the help of Almighty God, to begin this effort as a nonviolent initiative for change in South Africa.

At the onset, I was aware of the tremendous odds against succeeding. I was conscious of the depth and the deep-rootedness of apartheid in that country, and also aware of the fundamental nature of business; as being cold, and profit seeking, and too often unmoved by humanitarian needs. Nevertheless, I decided I would make the attempt.

In October 1975, I made the announcement to my Church of the effort I would make to help end discrimination against Blacks, and other non-whites, in companies in South Africa, and to help, along with others, towards the elimination of apartheid in South Africa. I asked for my church's prayers and support. My Church, one of the largest and most active congregations in America, has stood solidly behind me.

I then proceeded to organize American companies to unite and to act against racial discrimination in their own operations in South Africa, and to take a stand against apartheid. My efforts began with an unpublicized gathering of the Chairmen of 16 of America's largest corporations with interests in South Africa, at a place called Sands Point, New York in January of 1976. Many of the Chairmen were receptive to the idea.

Following that meeting, I proceeded to develop a set of "Fair Employment Principles" to guide American businesses in their dealings with their Black and other non-white workers. I also outlined the role they should play, outside the work environment, for improving and changing the living conditions

FOR NON-WHITES IN OTHER ASPECTS OF THEIR LIVES. THE PRINCIPLES WERE CONCEIVED AND DEVELOPED AS AN EVOLVING PROCESS, SO THEY COULD BE STRENGTHENED AND EXPANDED, STEP BY STEP.

IN MARCH OF 1977, THE FIRST ANNOUNCEMENT WAS MADE OF THE FIRST 12 SIGNATORY COMPANIES. MANY MEETINGS FOLLOWED ACROSS AMERICA, AND WITH MUCH PRAYER, HARD WORK AND PERSUASION, AN INCREASING NUMBER OF COMPANIES BECAME SIGNATORS TO THE PRINCIPLES. APPROXIMATELY, ONE HALF OF THE COMPANIES JOINED BECAUSE OF PRESSURE FROM INTERESTED SCHOOLS AND STOCKHOLDERS. SCHOOLS LIKE OBERLIN, THE UNIVERSITY OF MINNESOTA AND OTHERS, ARE TO BE COMMENDED FOR THEIR EFFORTS IN THIS RESPECT.

AS OF NOW, THERE ARE 135 PARTICIPATING COMPANIES; AND ACCORDING TO A LIST SUPPLIED BY THE U. S. DEPARTMENT OF STATE OF AMERICAN BASED AFRICAN AFFILIATES, AS OF 1979, THERE ARE 160 COMPANIES THAT, AS YET, HAVE NOT SIGNED THE PRINCIPLES.

ALL ALONG I HAVE TOLD THE COMPANIES THAT THE VIGOROUS AND FULL IMPLEMENTATION OF THE PRINCIPLES IS THE KEY, AND THAT COMPANIES MUST NOT USE THE PRINCIPLES AS A CAMOUFLAGE TO HIDE BEHIND. I HAVE EMPHASIZED THE IMPORTANCE OF RESULTS, AND THAT ALL COMPANIES WHO SIGN THE PRINCIPLES ARE EXPECTED TO BECOME A PART OF TASK GROUPS, ARE EXPECTED TO ABIDE FULLY BY THE GUIDELINES, AND TO REPORT PROGRESS ON A REGULAR BASIS FOR EVALUATION, ASSESSMENT AND MEASUREMENT.

I HAVE STRESSED THAT RESULTS AND ACCOUNTABILITY MUST BE THE WATCHWORD. ACCORDING TO REPORTS I HAVE RECEIVED, MANY COMPANIES HAVE GIVEN STRONG AND FULL COOPERATION.

THE SERVICES OF THE ARTHUR D. LITTLE COMPANY WERE SECURED TO DEVELOP THE REPORTING MECHANISM AND TO RECEIVE, COMPILE, ANALYZE AND INTERPRET REPORTS FROM SIGNATORY COMPANIES AND TO HELP DEVELOP CRITERIA FOR MEASUREMENT OF THE IMPLEMENTATION OF THE VARIOUS AIMS OF THE PRINCIPLES. THE ARTHUR D. LITTLE COMPANY, IN MY OPINION, HAS DONE AN OUTSTANDING AND OBJECTIVE JOB.

AT THE VERY EARLY STAGES I TRAVELLED TO GREAT BRITIAN, DENMARK AND SWEDEN TO SECURE INTERNATIONAL SUPPORT FOR THE PRINCIPLES. COMMITMENTS OF COOPERATION WERE RECEIVED FROM COMPANIES IN SWEDEN AND DENMARK. ALSO, LATER, FOLLOWING OUR VISIT, GREAT BRITIAN, ALONG WITH OTHER EUROPEAN COMMON MARKET NATIONS, DEVELOPED THEIR OWN CODE OF CONDUCT FOR SOUTH AFRICA, PATTERNED AFTER THE PRINCIPLES; AS DID CANADA AND BUSINESS GROUPS WITHIN THE REPUBLIC OF SOUTH AFRICA. THERE ARE NOW MORE THAN 13 CODES OF CONDUCT FROM NATIONS AROUND THE WORLD FOR THEIR SOUTH AFRICAN OPERATIONS. THE PRINCIPLES, WHICH STARTED AS A RIPPLE, BECAME A WAVE.

ALTHOUGH THE PRESENT 135 SIGNATORY COMPANIES REPRESENT 80% OF THE SOUTH AFRICAN WORK FORCE IN AMERICAN SUBSIDIARY COMPANIES, AND ALTHOUGH THERE IS PROGRESS BEING SHOWN AND MANY REASONS TO BE ENCOURAGED BECAUSE THE PRINCIPLES ARE BEGINNING TO WORK, I AM STILL FAR FROM BEING SATISFIED. THE SIGNATORY COMPANIES CAN AND MUST DO MUCH, MUCH MORE... SO, I WILL BE TURNING THE SCREWS, MORE AND MORE.

ALSO, WE NEED CLEAR AND BROAD PARTICIPATION OF ALL 300 AMERICAN COMPANIES IN THIS EFFORT, BECAUSE, IN ORDER TO ACHIEVE THE GOALS THAT HAVE BEEN SET, THE FULL ECONOMIC, TECHNICAL AND MORAL STRENGTH OF ALL THE AMERICAN COMPANIES OPERATING IN SOUTH AFRICA, UNITED BEHIND THE PRINCIPLES, IS REQUIRED.

THIS IS PARTICULARLY TRUE FOR THE FURTHERANCE OF THE EDUCATIONAL OBJECTIVES. WE STRONGLY BELIEVE THAT THE DEVELOPMENT OF AN EDUCATIONAL INFRA STRUCTURE FOR BLACKS AND OTHER NON-WHITES IN SOUTH AFRICA IS ESSENTIAL FOR TOTAL LIBERATION; AND WHATEVER HAPPENS IN THE COUNTRY, THE EDUCATION OF THE PEOPLE WILL BE ESSENTIAL. ULTIMATELY, THE FULL SUPPORT OF ALL COMPANIES IN SOUTH AFRICA AND FROM AROUND THE WORLD, BEHIND EDUCATIONAL, ECONOMIC, SOCIAL AND OTHER NEEDS, ON A MASSIVE SCALE, WILL BE ABSOLUTELY NECESSARY FOR THE KIND OF IMPACT DESIRED. THIS FUTURE NEED FOR THE FUTURE INTERNATIONALIZATION OF THE PRINCIPLES AND THE CODES,WITH THE NECESSARY MONITORING, MAKES IT ALL THE MORE IMPORTANT THAT ALL AMERICAN COMPANIES PARTICIPATE IN A UNITED WAY TO PROVIDE LEADERSHIP FOR AN INTERNATIONAL MOBILIZATION. THE PRINCIPLES PROVIDE AMERICAN COMPANIES THE OPPORTUNITY TO LEAD THE WAY.

DURING THE PAST YEAR I HAVE BEEN VISITED,NEARLY EVERY WEEK, BY REPRESENTATIVES AND LEADERS OF THE BLACK, AND OTHER NON-WHITE POPULATION OF SOUTH AFRICA. WHEN I RAISED THE QUESTION AS TO WHETHER I SHOULD CONTINUE THIS EFFORT, I HAVE BEEN REQUESTED, TIME AND TIME AGAIN, TO PLEASE CONTINUE AND TO NOT STOP WHAT I WAS DOING. AS A MEMBER OF A PROMINENT GRASS ROOTS GROUP WHO WAS VISITING WITH ME, WHEN I RAISED THE QUESTION, SAID: "I IMPLORE YOU, PLEASE DO NOT STOP WHAT YOU ARE DOING. IT IS TOO IMPORTANT TO OUR PEOPLE, NOT TO CONTINUE." I AM CONTINUING TO ASSESS HOW FAR I SHOULD GO IN THIS EFFORT ON AN ONGOING BASIS. THE DEGREE OF THE FUTURE EFFECTIVENESS OF THE PRINCIPLES WILL BE THE DETERMINING FACTOR.

SINCE THE BEGINNING IN 1977, THE PRINCIPLES HAVE, THUS FAR, BEEN A VALUABLE CATALYST FOR CHANGE. MANY THINGS NOW HAPPENING IN SOUTH AFRICA ARE TRACEABLE TO THE INFLUENCE OF THE PRINCIPLES.

THE PRINCIPLES HAVE, ALSO, GIVEN SOUTH AFRICA ITS FIRST VIABLE, AFFIRMATIVE ACTION PROGRAM BY WHICH BUSINESSES CAN BE MEASURED FOR THE EQUAL TREATMENT OF THEIR WORKERS. THEY HAVE ALSO ESTABLISHED A NEW WORLDWIDE SENSITIVITY TO THE HUMANITARIAN ROLE COMPANIES CAN AND MUST PLAY IN SOUTH AFRICA, AS WELL AS OTHER THIRD WORLD NATIONS.

THE PRINCIPLES NOW HAVE THEIR OWN MOMENTUM AND WILL CONTINUE TO CHANGE CONDITIONS. I MUST CAUTION AGAIN, THOUGH, THAT WE REALIZE HOW MUCH THE PRINCIPLES CAN ACCOMPLISH. THE PRINCIPLES ARE A CATALYST AND THEY CAN HELP PRODUCE CHANGE, BUT THEY CANNOT END APARTHEID BY THEMSELVES. THE PRINCIPLES CAN BE A PART OF THE SOLUTION, BUT, BY NO MEANS, THE WHOLE SOLUTION. FOR, IN ORDER TO TOTALLY ELIMINATE APARTHEID, HELP

MUST COME FROM CHURCHES, UNIONS, EDUCATIONAL INSTITUTIONS, GOVERNMENTS AND WORLDWIDE PUBLIC OPINION. ALSO, THERE MUST BE STRONG, SUPPORTIVE EFFORTS BY SOUTH AFRICAN BUSINESSES AND INSTITUTIONS, WITHIN THE COUNTRY, INCLUDING THE NONVIOLENT EFFORTS OF THE PEOPLE THEMSELVES AGAINST THE RACIAL LAWS.

BUT, I DEEPLY BELIEVE, IF THE PRINCIPLES ARE FULLY IMPLEMENTED, AND THEIR GUIDELINES FOLLOWED BY AMERICAN COMPANIES, AS WELL AS BY COMPANIES WITH HOLDINGS IN SOUTH AFRICA, WORLDWIDE; AND I BELIEVE IF THESE PRINCIPLES ARE ADOPTED AND FOLLOWED BY SOUTH AFRICAN OWNED COMPANIES WITHIN SOUTH AFRICA, AS IS NOW BEGINNING TO HAPPEN, THE PRINCIPLES CAN AND WILL ALSO PLAY A MAJOR PART IN THE ULTIMATE TOTAL ELIMINATION OF APARTHEID ITSELF.

IN THE FINAL ANALYSIS, THE VALUE OF THE PRINCIPLES CAN ONLY BE MEASURED BY THE RESULTS. THE FOLLOWING ARE A FEW EVIDENCES OF RESULTS OF THE PRINCIPLES, THUS FAR, OVER THE LAST 36 MONTHS.

A. IN ENDING DISCRIMINATION WITHIN PLANTS:

1. AS OF JANUARY, 1980, MORE THAN 75% OF THE SIGNATORY COMPANIES HAD DESEGREGATED ALL EATING AND COMFORT FACILITIES, ALTHOUGH IT HAS BEEN SAID, BEFORE THE PRINCIPLES, THAT THE LAWS PROHIBITED SUCH BEING DONE. THE DESEGREGATION WAS ACCOMPLISHED, IN SPITE OF THE LAW; AND NOW, AS A RESULT OF THE PRINCIPLES, THE LAWS ARE BEING CHANGED. ( OUR GOAL IS TOTAL DESEGREGATION OF ALL COMPANIES BY THE END OF 1981.)

Also, the desegregation efforts of the Principles have had effect, outside the workplace, as indicated in the recent desegregation of parks, airports, stadiums, and eating and rest facilities, in many public and private establishments.

2. More than 75% of all signatory companies have, for the first time, established equal pay standards for equal or comparable work, for the same period of time.

3. As a result of the impact of the Principles and subsequent Codes, the Weihahn and Riekert Commissions came into existence by action of the Government, to examine policies and laws in the economic and social settings of the country. Some of their recommendations are already being implemented.

4. Of great significance, last year, 10 South African companies, employing more than 750,000 workers, mostly Black, agreed to adopt and follow the Principles, and to also use their influence to encourage the government to promote chance.

This means that the Principles are now, not only reaching American based companies and their 100,000 workers, but, combined with South African based companies, the Principles are now directly beginning to effect over 800,000 Black and other non-white workers.

### B. In Developing An Educational Infra-Structure

5. MANAGEMENT DEVELOPMENT TRAINING FOR BLACKS AND OTHER NON-WHITES, PRESENTLY 1,000 IN PROFESSIONAL, SUPERVISORY AND MANAGERIAL TRAINING.

PROJECTED GOAL: 1,500 BY END OF 1980 AND TENS OF THOUSANDS BY 1984.

6. SKILLS TRAINING PROGRAMS (IN-HOUSE AND EXTERNAL) 7,000 PRESENTLY ENROLLED (4,000 ARE FOR TECHNICIANS AND ARTISANS)

PROJECTED GOAL: 10,000 BY THE END OF 1980 AND 100,000 BY 1984.

THERE ARE FURTHER GOALS ALSO BEING SET IN HOUSING, DEVELOPMENT OF BLACK BUSINESSES ON A LARGE SCALE, HEALTH BENEFITS AND OTHER PROGRAMS, INCLUDING THE ADDING OF HUNDREDS OF MILLIONS OF RAND IN NEW WAGES, TO THE AVERAGE BLACK AND NON-WHITE WORKER. THE PRINCIPLES MUST NOT JUST CREATE A BLACK MIDDLE CLASS, BUT MUST ALSO REACH OUT TO THE NEEDS OF THE MASSES.

THE GOALS I HAVE DESCRIBED IN THIS TESTIMONY REPRESENT THOSE ONLY FOR AMERICAN COMPANIES. IF GIVEN ADDED SUPPORT AND COOPERATION FROM COMPANIES FROM AROUND THE WORLD, THE RESULTS WILL BE MULTIPLIED, AND THE EFFECTS WILL BE REVOLUTIONARY.

THIS COMING OCTOBER, IT IS HOPED A FOURTH REPORT ON THE SIGNATORY COMPANIES WILL BE MADE PUBLIC, WITH A REPORT CARD ON COMPANY COMPLIANCE. IT WILL BE MORE STRINGENT THAN THE LAST. IT IS OUR PLAN TO MAKE THIS FOURTH REPORT AVAILABLE, AND WIDELY CIRCULATED TO UNIVERSITIES, UNIONS, PENSION FUNDS, OTHER FIDUCIARIES AND INDIVIDUAL STOCKHOLDERS.

ALL AMERICAN COMPANIES THAT STILL HAVE REFUSED TO SIGN THE PRINCIPLES BY THAT TIME WILL BE LISTED. I WILL BE RECOMMENDING SELECTIVE DISVESTMENT FROM COMPANIES THAT REFUSE TO PARTICIPATE AND STRONG STOCKHOLDERS AND CONSUMER ACTION AGAINST THOSE WHO FAIL TO IMPLEMENT THEM SATISFACTORILY.

ACTUALLY, I HAVE NO UNCHANGEABLE PERSONAL COMMITMENT FOR COMPANIES EITHER TO REMAIN, OR TO LEAVE SOUTH AFRICA, AT THIS TIME, BUT AS LONG AS THE COMPANIES REMAIN THERE, I BELIEVE THEY SHOULD USE THEIR GREAT INFLUENCE TO HELP CHANGE THE SYSTEM THAT HAS MADE IT POSSIBLE FOR THEM TO MAKE EXCESSIVE PROFITS OFF OF CHEAP LABOR, LACK OF WORKERS' RIGHTS AND SEGREGATED EMPLOYMENT PRACTICES. WE ARE JUST NOT GOING TO STAND FOR IT ANYMORE. IN MY VIEW, COMPANIES THAT DO NOT ACTIVELY WORK TO HELP CHANGE THE SYSTEM, HAVE NO JUSTIFICATION FOR REMAINING IN THE COUNTRY.

I EMPHASIZE, ALL AMERICAN COMPANIES SHOULD BE REQUIRED TO PARTICIPATE WITH THE PROGRAM. ALL AMERICAN COMPANIES SHOULD BE EQUALLY MEASURED AGAINST A UNIFIED STANDARD. THIS INCLUDES EFFORTS MADE, BOTH INSIDE AND OUTSIDE THE WORK ENVIRONMENT.

I WILL CONTINUE TO PUSH THE COMPANIES, MORE AND MORE, FOR COMPLIANCE AND FOR MORE VIGOROUS IMPLEMENTATION. I WILL BE RESOLUTE IN DOING THIS. AS I SEE IT, SOME COMPANIES ARE PULLING HARD, AND SOME ARE NOT ...WHILE 160 COMPANIES ARE NOT EVEN ON

THE WAGON YET. EVERY PRESSURE SHOULD BE PLACED ON COMPANIES TO DO THEIR PART IN THIS EFFORT, AND TO PULL THEIR PART OF THE LOAD.

TIME IS RUNNING OUT FOR THIS KIND OF INITIATIVE TO SUCCEED. ALREADY THERE ARE REPORTS OF NEW AND GROWING FERMENT IN THE REPUBLIC OF SOUTH AFRICA. EVERY PRESSURE SHOULD BE PLACED ON COMPANIES FROM AMERICA AND FROM COMPANIES AROUND THE WORLD, ONE WAY OR THE OTHER, BY STOCKHOLDERS, CONSUMERS, AND THEIR GOVERNMENTS, TO HELP CHANGE THE CONDITIONS AND TO HELP WORK TOWARDS THE END OF APARTHEID; BECAUSE, UNTIL THE SYSTEM IS CHANGED, INTERNAL ATTEMPTS TO END APARTHEID WILL BECOME MORE AND MORE VOLATILE AND MORE VIOLENT.

I REPEAT, TIME IS RUNNING OUT FOR PEACEFUL CHANGE IN SOUTH AFRICA AND DISCRIMINATORY PRACTICES AND LAWS THERE MUST END. BLACKS MUST BE GIVEN FULL AND EQUAL RIGHTS AS CITIZENS; AND BLACKS MUST BECOME A FULL AND EQUAL PART OF THE POLITICAL PROCESS. PERHAPS, ALREADY, OUR EFFORTS ARE TOO LATE. ONLY TIME WILL TELL.

I HAVE BEEN ASKED IF I THINK THE AMERICAN FAIR EMPLOYMENT CODE SHOULD BE ENACTED INTO LAW BY THE CONGRESS, AND MY ANSWER IS: YES. THIS KIND OF EFFORT NEEDS BROAD SUPPORT ESPECIALLY FROM THE UNITED STATES GOVERNMENT, TO ENCOURAGE COMPANIES TO PARTICIPATE AND TO ACT EXPEDITIOUSLY AND VIGOROUSLY IN IMPLEMENTATION. THE PRINCIPLES NEED THE BACKING OF THE AMERICAN NATION, IN ORDER

FOR THEM TO HAVE MAXIMUM EFFECT. THEY MUST BECOME, NOT THE "SULLIVAN PRINCIPLES," BUT THE "AMERICAN PRINCIPLES,' AND THEY MUST HAVE THE FORCE OF THE UNITED STATES GOVERNMENT BEHIND THEM.

SO, I WOULD "WELCOME" AND ENCOURAGE LEGISLATION REQUIRING ALL AMERICAN COMPANIES TO PARTICIPATE AND COMPLY WITH THE PRINCIPLES, AND FOR THOSE COMPANIES WHO FAIL TO COOPERATE WITH TASK GROUP EFFORTS, REGULAR REPORTING AND COMPLIANCE WITH IMPLEMENTATION OBJECTIVES AND ON-SITE MONITORING, THERE SHOULD BE TAX PENALITIES, SANCTIONS, LOSS OF GOVERNMENT CONTRACTS AND, ULTIMATELY, THE WITHHOLDING OF OVERSEAS LICENSES.

THE ONLY WORKABLE ALTERNATIVE, AS I CAN SEE, MIGHT BE A VOLUNTARY GROUP OF SUCH STANDING AND CREDITABILITY, AS TO INFLUENCE THE PARTICIPATION OF ALL AMERICAN COMPANIES TO PERFORM THE REQUIREMENTS I HAVE DESCRIBED, WITH THE FULL AND PRONOUNCED COOPERATION AND SUPPORT OF THE UNITED STATES GOVERNMENT, INCLUDING THE NECESSARY SANCTIONS AND ENFORCEMENT POWERS.

I HAVE ALSO BEEN ASKED TO RESPOND TO THE CONCERNS RAISED BY SOME GROUPS AND INDIVIDUALS WHO CHALLENGE THE OVERALL USEFULNESS OF THE CODE AS THE WAY TO END APARTHEID IN SOUTH AFRICA. MY RESPONSE IS THAT I AGREE WITH THESE GROUPS AND INDIVIDUALS. UNQUESTIONABLY, THE PRINCIPLES WILL NOT, IN THEMSELVES, END APARTHEID IN SOUTH AFRICA. I NEVER SAID THEY WOULD, OR EVER EXPECTED THAT THEY COULD. BUT I HAVE SAID, AND HOLD TO THE VIEW, THAT IF THEY ARE VIGOROUSLY IMPLEMENTED BY ALL AMERICAN COMPANIES, AND BY OTHER COMPANIES FROM AROUND THE WORLD, THEY

CAN AND WILL BE A MAJOR FACTOR, ALONG WITH OTHER EFFORTS, THAT CAN AND WILL LEAD TO THE PEACEFUL ENDING OF APARTHEID, AND SOONER THAN MANY PEOPLE THINK.

IN A WORD, THE PRINCIPLES CAN BE AN IMPORTANT FACTOR, BUT NOT THE TOTAL ANSWER, OTHER EFFORTS ARE ALSO NEEDED TO ACHIEVE THE DESIRED RESULTS.

I HAVE ALSO BEEN ASKED MY VIEW REGARDING WHETHER THE CONGRESS SHOULD INTRODUCE LEGISLATION BANNING ALL NEW INVESTMENT. I REPEAT WHAT I SAID BEFORE, WHEN TESTIFYING BEFORE THIS COMMITTEE, TWO YEARS AGO. MY VIEWS HAVE NOT CHANGED. I FAVOR HALTING NEW INVESTMENTS, EXCEPT FOR RETOOLING AND REFURBISHING PURPOSES TO MAINTAIN PRESENT LEVELS OF OPERATION, OR EXCEPT FOR FUNDS TO IMPLEMENT DESEGREGATION, HUMAN SERVICES AND EDUCATIONAL PROGRAMS OF THE KIND DESCRIBED IN THE PRINCIPLES, UNTIL WE SEE THE ENDING OF APARTHEID. I DO NOT BELIEVE WE SHOULD ENCOURAGE NEW INVESTMENTS IN THE REPUBLIC OF SOUTH AFRICA. AT THE MOST, I BELIEVE WE SHOULD HOLD INVESTMENTS AT THE LEVEL WHERE THEY ARE TODAY. BECAUSE ECONOMIC LEVERAGE IS ONE OF THE FEW TOOLS WE HAVE TO PROMOTE PEACEFUL CHANGES THERE, AND THE WITHHOLDING OF NEW INVESTMENTS IS A MAJOR PART OF THAT LEVERAGE.

FINALLY, REGARDING BANK LOANS TO SOUTH AFRICA; I STRONGLY CONTEND THAT ALL AMERICAN BANKS THAT MAKE LOANS TO THE SOUTH AFRICAN GOVERNMENT, OR ITS AGENCIES, SHOULD DISCONTINUE MAKING SUCH LOANS IMMEDIATELY. LAST YEAR, THE INTERNATIONAL COUNCIL ON EQUALITY OF OPPORTUNITY PRINCIPLES, OF WHICH I AM CHAIRMAN, TOOK THE POSITION THAT:

> UNTIL APARTHEID HAS ENDED, AND THERE IS CLEAR, TANGIBLE EVIDENCE AND DEMONSTRATION THEREOF, NO UNITED STATES BANK SHALL MAKE ANY FURTHER LOANS TO THE SOUTH AFRICAN GOVERNMENT, OR ITS AGENCIES, AND WILL GIVE CONSIDERATION ONLY TO SPECIFIC, PRIVATELY SPONSORED PROJECTS OR PROGRAMS, DEVELOPED IN COOPERATION WITH BLACKS AND OTHER NONWHITES, WHICH CONTRIBUTE TO THEIR SOCIAL, AND ECONOMIC ADVANCEMENT AND EQUALITY, AND THAT DO NOT SUPPORT APARTHEID.

AND WHEN I SAY THE ENDING OF APARTHEID IN THE BANK STATEMENT, AND "CLEAR" AND "TANGIBLE EVIDENCE AND DEMONSTRATION THEREOF," I MEAN SUCH THINGS AS THE ENDING OF THE PASSBOOK SYSTEM, THE END TO RACIALLY MOTIVATED BANNINGS AND DETENTIONS, THE RIGHTS OF BLACKS TO BUY AND OWN PROPERTY ANYWHERE IN THE NATION, THE ENDING OF SO-CALLED INDEPENDENT HOMELANDS, EQUAL PROTECTION UNDER THE LAW, FULL CITIZENSHIP RIGHTS, AND FULL POLITICAL PARTICIPATION FOR BLACKS AND OTHER NON-WHITES EQUAL TO THAT OF ALL OTHER CITIZENS IN THE REPUBLIC OF SOUTH AFRICA.

I HAVE TAKEN THIS POSITION BECAUSE IT IS VITALLY IMPORTANT TO HALT THE FLOW OF AMERICAN DOLLARS TO THE SOUTH AFRICAN GOVERNMENT, IF WE EXPECT TO SEE SIGNIFICANT CHANGES TO THEIR NATIONAL RACIAL POLICIES. CLERGYMEN WILL BE VISITING BANKS ACROSS THE NATION TO ASCERTAIN THEIR SUPPORT OF THIS BANK POSITION.

MR. CHAIRMAN, THIS IS MY STATEMENT TO YOU, AND TO THIS COMMITTEE. WITH THE PRESS OF OTHER PROBLEMS IN THE WORLD DURING THE PAST YEAR, THE CONTINUING PROBLEMS IN SOUTH AFRICA HAVE LARGELY GONE UNNOTICED BY MANY, BUT THE PROBLEMS ARE STILL THERE; AND THEY ARE NOT GOING AWAY. ONE DAY SOON THEY WILL LOOM LARGE AGAIN IN THE WORLD. LET US PRAY TO GOD THAT WE WILL HAVE DONE OUR PART TO HELP PUT A PROCESS IN PLACE, BY THAT TIME, THAT WILL BE MOVING AHEAD SUFFICIENTLY, ON A WORLDWIDE SCALE, TO HELP BRING ABOUT THE CHANGES NECESSARY BY NONVIOLENT MEANS. OTHERWISE THE WORLD CAN BE SURE THAT THERE WILL BE WAR AND DESTRUCTION IN SOUTH AFRICA AND THERE WILL BE THE LOSS OF UNTOLD NUMBERS OF LIVES, PERHAPS IN THE MILLIONS, MOST OF WHOM WILL, UNDOUBTEDLY BE BLACK. I HOPE AND PRAY THE PRINCIPLES, AS A "CATALYST" CAN HELP MIGHTILY AS A PART OF THAT PROCESS.

But come what will or may, the day will come when the hopes of the Freedom Charter of South Africa will become a reality. That Charter envisions and includes the following:

-South Africa belongs to all who live in it, Black and white, and no government can justly claim authority unless it is based on the will of all the people...

-Every man and woman shall have the right to vote for and to stand as a candidate for all bodies which make laws.

-All people shall be entitled to take part in the administration of the country.

-The people shall share in the country's wealth.

-All Apartheid laws and practices shall be set aside...

This day shall come, hopefully, by peaceful means, but one way or the other, it will come.

Mr. **Solarz.** Thank you, Reverend Sullivan.

I can see why they call you the "Lion of Zion." [Laughter.]

That was really a very moving and eloquent statement, one of the most moving and eloquent and certainly the most forceful that I have heard in my 2 years as chairman of the subcommittee, and I want to thank you very much for sharing your views with us. Of course we will want to explore many aspects of your testimony during the question period.

Our next witness will be Desaix Myers, the deputy director of the Investor Responsibility Research Center.

Mr. Myers.

## STATEMENT OF DESAIX MYERS III, DEPUTY DIRECTOR, INVESTOR RESPONSIBILITY RESEARCH CENTER

Mr. **Myers.** Thank you very much, Mr. Chairman.

The Investor Responsibility Research Center is a research organization founded a little over 7 years ago to provide institutional investors with information and questions of corporate social responsibility; and it is through their interest, particularly on the question of South Africa, that we have undertaken over the past few years a number of studies relating to the role of U.S. companies in South Africa.

Most recently, last summer we sent three members of the staff to South Africa to interview workers and management of 44 American companies and report on the progress they were making in their labor practices.

Accurate assessment of the progress American companies are making in South Africa is not easy. Disclosure policies vary. Some companies don't file reports with Reverend Sullivan's group. Some that do prefer not to make them publicly available. Worker and management perspectives differ widely, and each company has a particular set of problems. It is difficult to make definitive judgments as to what constitutes, from the South African context, acceptable progress, what it is reasonable to expect and within what time frame.

With these caveats, however, and without going into detail as to the performance of individual companies, I would like to suggest some general conclusions as to the impact the Sullivan effort has had to date.

Briefly, the Sullivan principles have had an impact in four areas: the extent of home office attention paid to operations in South Africa; the degree of time and money allocated by local management to black development; the establishment of codes of conduct by other employers in South Africa; and the Government's position on issues such as desegregation in the workplace and training for Africans.

First, looking at home office attention, for many American companies, operations in South Africa represent a relatively small portion of total business, often less than 1 percent of consolidated sales and assets. Until recently, few managers sitting in home offices around the United States felt compelled to spend much time in South Africa. The Soweto demonstrations in 1976 and subsequent campaigns against U.S. investment in South Africa stimulated their interest; but it was the development of the Sullivan principles that institutionalized a practice of regular review of South African operations.

Top management, frequently including chief executive officers, have become actively involved in the operation of their South African subsidiaries for the first time, and they have remained more involved than would normally be justified by the size of their operations there. The increased attention of the home office has encouraged local management to spend more time on black development. It has provided management directors in South Africa with a justification for spending greater time and money on training, housing, and other personnel programs. In some cases it has meant that direct funding or additional staff has been made available from the home office to enable an expansion of program activities. There is also some evidence that the policies of the American companies embodied in the Sullivan principles have influenced the development of other codes of conduct—the European Economic Community code, the Canadian code, and a code developed by South African business.

Without the spur of the Sullivan and EEC codes, it is unlikely that South African companies would have developed one on their own. And a spokesman for Barlow Rand, a South African conglomerate that employs more than 100,000 workers, said the company would never have begun to segregate its eating and restroom facilities if American companies had not led the way.

Finally, the principles, together with the other codes of conduct, have effected recent changes in South African Government policy. With specific reference to desegregation, for example, a South African Government commission stated last year that, "Because desegregation of facilities is one of the principles in the many labor codes subscribed to the 300-plus multinational companies . . . current practice is no longer in line with the legislation, and the Commission is of the opinion that the situation can create an embarrassing situation for South Africa."

The Government subsequently accepted the Commission's recommendation that laws requiring separate facilities be scrapped.

What has been the impact of these developments on the actual operation of American companies in South Africa and then their workers? Certainly the degree to which the Sullivan principles have been implemented varies widely among companies, as does the perception of workers as to their performance.

Some companies have been active in their efforts to develop new programs, others less so, and some have made little progress. Some black workers argue that significant progress has been made since the Sullivan principles were signed; others have never heard of them.

The degree of progress made by a company may depend on a number of factors, including home office involvement, local management commitment, location, and type of operation. Critical of most companies has been the ability of top management to convince white supervisors and lower level managers of the importance of implementing the principles.

Reverend Sullivan today has talked about some of the progress that has been made in desegregation of facilities. Progress has been made in less visible areas as well. Implementation of the principles has forced a number of companies to examine wage and fringe benefit programs. Minimum wage levels have been raised. Pension and medical plans integrated for the first time, and company housing plans developed for black workers as some company Africans have been promoted into positions formerly held only by whites. In some, Africans have been permitted to train as apprentices to artisan positions for the first time.

These gains are important. They represent a significant departure from past policies and practices. Nevertheless, their importance should not be exaggerated.

Although a number of companies have taken steps to desegregate their facilities, segregation frequently remains in another form with blacks and whites still separated but using a criterion other than race. For example, workers paid on a salary basis and largely white are assigned facilities separate from workers almost exclusively black paid on an hourly basis.

Opportunities for blacks have increased and new precedents set as they move into positions formerly restricted to whites, but the numbers remain very small. The number of Africans in apprenticeship training at American companies, for example, is in the tens, not the hundreds. At most companies, less than 20 percent of the salaried work force is black, and more frequently than that the percentage is only 10 percent. Rarely do blacks supervise whites. Although companies may have instituted equal pay for equal work policies, in fact there is very little opportunity for equal pay to be checked because there are a number of job categories in which the categories are totally occupied by whites or totally occupied by blacks and there is no mixing.

Companies have introduced housing plans for blacks but housing sites for blacks may be unavailable, and if they are, sites and services may be inferior to those available to whites. Moreover, much of the progress that has been made in the last 3 years has been in areas where progress is easiest. Removing signs designating separate facilities by race has posed few problems for most companies. Improved training of applicants is in the company's best interest, and although companies have encountered occasional white resistance, African development can be justified to recalcitrant whites by citing the shortage of trained white labor.

In recognizing black unions, companies have for the most part improved relations with black employees. The real problems are to be encountered as companies move further to close the wage gap, to train and move blacks into white-collar positions and management positions, to deal extensively with black unions, and to end the current system of migratory workers and separation of families.

Progress in these areas will require major changes in white attitudes, and in some cases in government policies. Also important in determining the impact of the Sullivan principles is the extent of company participation and the number of workers involved.

Generally, American companies are as active in the improvement of labor practices as other companies in South Africa, and in some areas such as desegregation of facilities or development of affirmative action programs, the American companies have unique experience which puts them ahead.

The Sullivan principles have given greater visibility to those American companies that are among the most progressive in South Africa, but not all American companies have signed the Sullivan principles, nor are all of the signatory companies actively involved in their implementation.

In its most recent summary review of reports filed by companies which had signed the Sullivan principles, Arthur D. Little reported that 9 companies need to be more active, 9 others failed to file a report, and more than 150 companies had never signed the principles.

The survey placed 62 companies in the category described as "making acceptable progress," but the survey team commented it was very reluctant to see some of the 62 companies in this category given the lack of progress they had made.

Even if all American companies had succeeded in implementing the principles to the letter, the impact of their efforts would be limited. U.S. companies in South Africa employ only 60,000 to 70,000 black workers, representing less than 1 percent of the black work force.

Assuming each worker is responsible for a family of five, the effect may be spread to 350,000 blacks in a population which including Africans, coloreds and Asians, is more than 20 million.

But more importantly, one should not confuse change in the workplace with change in the political structure of South Africa. Advances in opportunities for blacks in the business sector do not alter the reality of political apartheid. Events in offices and on the factory floor have very little impact on Pretoria's commitment to separate living areas, separate schools and separate rights for each racial group.

Changes that do not affect these policies directly, despite their importance to individual workers and their families, are seen by black activists as skirting the basic issue of black citizenship and political participation. And in the words of one member of the Soweto Committee of Ten are seen as "gilding the prison."

To have a real impact on the situation in South Africa, Companies will have to pressure the South African Government to change discriminatory laws governing racial zoning, education, labor, ability of the whites to do business.

The Sullivan principles as amplified in July of 1978 and May 1979 call upon companies to take a first step in this direction, to commit themselves to supporting the elimination of all discriminatory labor legislation. It is obivous that South Africa's apartheid laws restricting the movement of black labor, denying blacks rights to do business in the central business district, denying blacks access to education and training, limiting black housing, all directly restrict the ability of new businessman to attract and develop labor or to open new markets.

It is reasonable to expect companies to approach the Government on these issues which relate directly to their ability to operate efficiently, just as executives are willing to speak to the Government on other business-related issues such as tariffs, price controls or tax credits.

But most American businessmen have been particularly worried about becoming involved in areas that the South African Government might consider political. Not only are they affected by the general corporate dictum that they act as a good corporate citizen in any country in which they operate, but they are aware of the traditional distrust between Afrikaner-dominated Government and English-speaking business in South Africa, and the Government's power both as a regulator and as a major customer.

There is some evidence that the historical separation between business and government is fading under South Africa's new Prime Minister. Prime Minister Botha has taken a different approach toward business, seeking its support in his plans to build a black middle class within South Africa and a concentration of states within Southern Africa. His style of government offers business greater access than has been true in the past. At the same time it presents the danger that business will be, or will be perceived as being co-opted by the Government for its own political ends.

A recent analysis by the South African Institute of Race Relations of the progress being made at Ford, for example, criticized the company for its cooperation with the Government; yet, in order to set up a housing program for employees or improve educational and training opportunities, a company has little choice but to cooperate with local administration boards—boards viewed by many blacks with distrust and opprobrium.

Nevertheless, unless business in South Africa, supported by American companies there, seems to be making a more concerted effort to change political policies, it is likely that this criticism will remain and business efforts such as the Sullivan principles will be faulted largely for being more symbolic of the potential for change than forceful in producing change. In fact, the principles are more symbolic than coercive.

American economic ties to South Africa offer policy options which can be described as falling into several categories. Foreign investment, loans, and trade may be used symbolically to send a signal to South Africa or to stake out a visible position for constituents at home and others abroad. They may be used to make punitive, or alternatively in a rewarding sense to demonstrate displeasure or approval of South Africa's policies, or they can be used coercively in an effort to force South Africa to change their policy by offering either negative or positive incentives.

Some steps taken by the United States in the recent past have been mildly punitive; the Commerce Department regulation 175 governing sales to the military and police, for example. Others have been mildly coercive. The Evans amendment requires that South African firms demonstrate they are following principles similar to those in the Sullivan code before becoming eligible for Export-Import Bank financing. Within this context, the Sullivan principles are neither punitive nor coercive; they are not mandatory. In fact, companies are not even required to report publicly on their progress. They do not threaten to withhold investment from South Africa, nor do they provide specific incentives to the Government should it alter its policies. They are in this sense symbolic.

They should not, however, be dismissed as merely cosmetic. They represent an important statement of the way business should be conducted in South Africa, and the changes that are introduced through their implementation have real importance for the workers and families directly affected. At the same time, their importance should not be exaggerated; they are not a coercive tool forcing political change.

The results of company efforts to implement the Sullivan principles are unlikely to affect the core of apartheid, South Africa's restriction of black rights. The results that flow from the implementation of the principles—greater black opportunity and increased interaction between the races—may soften the attitudes that supported apartheid. They do not directly threaten the current structure of the South African society, nor do they represent the major change being sought by most blacks and critics of the South African Government. But they may strengthen the position of those pushing for a change, and may act as a precondition to it. And to this extent they can be seen to be contributing to a fragile momentum for greater political change to come.

[Mr. Myers' prepared statement follows:]

### Prepared Statement of Desaix Myers III, Deputy Director, Investor Responsibility Research Center

Mr. Chairman, I'd like to thank you for the invitation to appear before the Subcommittee today. The question that we on the panel have been asked to discuss--the role of U.S. corporations in South Africa and the Sullivan Principles--is one that has been of interest to the Investor Responsibility Research Center for some time, and I appreciate the opportunity to participate in this morning's panel discussion.

By way of background, the Investor Responsibility Research Center is a not-for-profit research organization established a little over seven years ago by institutional investors seeking balanced and objective reporting on questions of public policy and corporate social responsibility. We provide studies to some 170 institutional investors--foundations, bank trust departments, insurance companies, church and union pension funds--on corporate responsibility questions, particularly on issues that are raised in shareholder resolutions at corporate annual meetings on which our subscribers, as shareholders, must vote. It is through our work on these issues that the Center has come to be involved in the debate over investment in South Africa. During the last few years, no questions have been raised more frequently at annual meetings than those relating to the role of American business in South Africa, and few have been more controversial. This year alone, 45 shareholder resolutions were proposed to 37 corporations, questioning the companies on their employment practices, sales, loans and investment in South Africa.

The pressures on U.S. companies active in South Africa, and to a lesser degree on institutions holding their stock, have made the Sullivan Principles an increasingly important focal point in the debate over U.S. investment. Companies signed the Sullivan Principles as evidence of their belief that companies can be a progressive force for change. Institutional investors, particularly universities, foundations and pension fund managers, have included adherence to the Sullivan Principles as a criterion in their investment policies, and a number have been increasingly interested in obtaining an accurate assessment of the degree to which the principles are being implemented.

It was in response to this interest that the Center sent three staff members to South Africa in 1979. They visited 44 companies, interviewed workers and management and reviewed company reports where available. Accurate assessment of the progress of American companies in South Africa is not easy. Disclosure policies vary, some companies don't file reports with Rev. Sullivan's group; some that do, prefer not to make them available; worker and management perspectives differ widely; and each company has a particular set of problems. It is difficult to make definitive judgments as to what constitutes, within the South African context, acceptable progress, what is reasonable to expect and within what time frame. With these caveats, however, and without going into detail as to the performance of individual companies, I would like to suggest some general conclusions as to the impact that the Sullivan effort has had to date.

Briefly, the Sullivan Principles have had an impact in four areas: the extent of home office attention paid to operations in South Africa; the degree of time and money allocated by local management to black development; the establishment of codes of conduct by other employers in South Africa; and the government's position on issues such as desegregation in the workplace and training for Africans.

First, looking at home office attention, for many American companies operation in South Africa represents a relatively small portion of total business--often less than 1 percent of consolidated sales and assets. Until recently, few managers sitting in home offices around the United States felt compelled to spend much time on South Africa. The Soweto demonstrations in 1976 and subsequent campaigns against U.S. investment in South Africa stimulated their interest, but it was the development of the Sullivan Principles that institutionalized in many companies a process for regular review of their South African operations. Top management, frequently including chief executive officers, became actively involved in the operations of the South African subsidiaries for the first time, and they have remained more involved than would be normally justified by the size of operations.

The increased attention of the home office has encouraged local management to spend more time on black development programs. It has provided managing directors in South Africa with a justification for spending greater time and money on training, housing and other personnel programs. In some cases, it has meant that direct funding or additional staff have been made available from the home office to enable an expansion of program activities.

There is some evidence that the policies of American companies, embodied in the Sullivan code, influenced the development of other codes of conduct--the European Economic Community code, the Canadian code, and a code developed by South African business. Without the spur of the Sullivan and EEC codes, it is unlikely that South African companies would have developed a code of their own. And a spokesman for Barlow Rand, a South African conglomerate that employs more than 100,000 workers, has said that the company would never have begun to desegregate its eating and restroom facilities if American companies had not led the way.

Finally, the Principles, together with the other codes of conduct, have affected recent changes in South African government policy. With specific reference to desegregation, a South African government commission established to review labor legislation affecting Africans stated last year that because "desegregation of facilities is one of the principles in the many labor codes subscribed to by the 300 plus multinational companies,...current practice is no longer in line with legislation, and the commission is of the opinion that the situation can only create an embarrassing situation for South Africa." The government accepted the commission's recommendation that government restrictions requiring separate facilities be scrapped.

What has been the impact of these developments on the actual operations of American companies in South Africa and on their workers?

Certainly the degree to which the Sullivan Principles have been implemented varies widely among companies, as does the perception of workers as to their importance. Some companies have been very active in their efforts to develop new programs, upgrade training, increase promotion opportunities, and improve benefit packages. Other companies have been less so, and some have made little progress at all. Some black workers argue that significant progress has been made since the Sullivan Principles were signed; others have never heard of them.

The degree of progress made by a company may depend on a number of factors, including home office involvement, local management commitment, location and type of operation. Critical at most companies has been the ability of top management to convince white managers and supervisors at lower levels of the importance of implementing the principles.

The most visible area of change resulting from the principles has been in the desegregation of facilities. In the past, signs designating separate facilities were rife throughout the workplace, eating areas were divided by kitchens or walls, and black clerks often found themselves boxed into a corner blocked off from their white colleagues by strategically placed filing cabinets. Apartheid even reached down to the color of uniforms on the factory floor at some companies--black for Africans, blue for whites, to separate time clocks, divided medical aid stations, and even to different types of dishes and utensils at lunch.

With the signing of the Sullivan Principles, a number of companies began to tear down walls, remove signs and carry away cabinets. Companies like Goodyear, General Motors and Ford committed millions of dollars to replace existing separate facilities with modern, desegregated lockers, restrooms and eating areas. And for the first time some level of integration began to take place off the shop floor.

Progress has been made in less visible areas as well. Implementation of the principles has forced a number of companies to examine wage and fringe benefit programs; minimum wage levels have been raised, pension and medical plans integrated for the first time, and company housing plans developed for black workers. At some companies, Africans have been promoted into positions formerly held by whites, and at some, Africans are being permitted to train as apprentices for artisan positions after years of being restricted to lower level positions. In the area of worker representation, Ford and Kellogg have recognized unregistered African trade unions, General Motors has agreed to deduct union dues from African employees' paychecks and Goodyear has accepted the credentials of a colored union.

These gains are important; they represent a significant departure from past practices. Nevertheless, their importance should not be exaggerated. Although a number of companies have taken steps to desegregate their facilities, segregation frequently remains in another form with blacks and whites still separated but using a criteria other than race--for example, workers paid on a salary basis, and largely white, are assigned facilities separate from workers, almost exclusively black, paid on an hourly basis.

Opportunities for blacks have increased and new precedents set as they move into positions formerly restricted to whites, but the numbers involved remain small; the number of Africans in apprenticeship training at American companies, for example, is in the tens, not the hundreds; at most companies less than 20 percent of the salaried work force is black, and rarely do blacks supervise whites. Companies have introduced housing plans for blacks, but housing sites or homes for blacks are unavailable or if they are, the houses are inferior to those available to white employees and the location is poor.

Moreover, much of the progress that has been made in the last three years is in areas where progress is easiest. Removing signs designating separate facilities by race has posed few problems for most companies; improved training of Africans is in the companies' best interest, and although companies have encountered occasional white resistance, African development can be justified to recalcitrant whites by citing the shortage of trained white labor. In recognizing black unions, companies have, for the most part, improved their relations with black employees.

The real problems are to be encountered as companies move to close the wage gap, train and move blacks into white-collar and management positions, deal extensively with black unions and end the current system of migratory labor and separation of families. Progress in these areas will require major changes in white attitudes and, in some cases, in government policies.

Also important in determining the impact of the Sullivan Principles is the extent of company participation and the number of workers involved. Generally, American companies are as active in improvement of labor practices as other companies in South Africa, and in some areas--such as desegregation or development of affirmative action programs--U.S. experience may put American companies ahead. The Sullivan Principles have given greater visibility to those American companies that are among the most progressive in South Africa. But not all American companies have signed the Principles, nor are all signatory companies actively involved in their implementation. In its most recent summary review of reports filed by companies which had signed the Sullivan Principles, Arthur D. Little reported that nine companies needed "to become more active," nine others failed to file a report, and more than 150 companies had never signed the Principles. The survey placed 62 companies in a category described as "making acceptable progress," but the survey team commented that it was very reluctant to see some of the 62 companies in this category, given the lack of progress they had made.

Even if all American companies had succeeded in implementing the Principles to the letter, the impact of their efforts would be limited. U.S. companies in South Africa employ only 60,000 to 70,000 black workers, representing less than 1 percent of the total black work force.

But most importantly, one should not confuse change in the workplace with change in the political structure of South Africa. Advances in opportunity for blacks in the business sector do not alter the reality of political apartheid. Events in offices and on the factory floor have had very little impact on Pretoria's commitment to separate living areas, separate schools and separate political rights for each racial group. Changes that do not affect these policies directly, despite their importance to individual workers and their families, are seen by black activists as skirting the basic issue of black citizenship and political participation, as merely, in the words of one member of the Soweto Committee of Ten, "gilding the prison."

To have a real impact on the situation in South Africa, companies will have to pressure the South African government to change discriminatory laws governing racial zoning, education, labor mobility, and rights to do business. The Sullivan Principles, as amplified in July 1978 and May 1979, call upon companies to take a first step in this direction--to commit themselves to supporting the elimination of all discriminatory labor legislation including laws that subject Africans to influx control. It is obvious that South Africa's apartheid laws, restricting the movement of black labor, denying blacks rights to do business in the central business areas of the country, limiting black access to education and training, limiting black housing, all directly affect the ability of any businessman to attract and develop labor or to open new markets. It is reasonable to expect companies to approach the government on these issues, which relate directly to their ability to operate effectively, just as executives speak to government about tariffs, price controls or tax credits.

But most American businessmen have been particularly wary about becoming involved in areas that the South African government might consider political. Not only are they affected by the general corporate dictum that they act as a good corporate citizen in any country in which they operate, but they are aware of the traditional distrust between Afrikaner-dominated government and English-speaking business in South Africa and by government's power, both as a regulator and as a major customer.

There is some evidence that the historical separation between business and government is fading under South Africa's new Prime Minister P.W. Botha. Mr. Botha has taken a different approach toward business, seeking its support in his plans to build a black middle class within South Africa and a constellation of states within southern Africa. His style of government offers business greater access than has been true in the past. At the same time, it presents the danger that business will be--or will be perceived as being--co-opted by the government for its own political ends. A recent analysis by the South African Institute of Race Relations of the progress being made at Ford, for example, faulted the company for its cooperation with the government. Yet in order to set up a housing program for employees or to improve educational and training opportunities, a company has little choice but to cooperate with local administration boards, boards which are viewed by many blacks with distrust and opprobrium.

Unless business in South Africa, supported by American companies there, is seen to be making a more concerted effort to change political policies, it is likely that this criticism will remain and business efforts such as the Sullivan Principles will be faulted largely for being more symbolic of the potential for change than forceful in producing change. In fact, the Principles are more symbolic than coercive.

American economic ties to South Africa offer policy options that can be described as falling into several categories: foreign investment, loans and trade may be used symbolically, to send a signal to South Africa or to stake out a visible position for constituents at home and others abroad; they may be used in a punitive or, alternatively, in a rewarding sense, to demonstrate displeasure or approval of South Africa's policies; or they can be used coercively--in an effort to force South Africa to change a policy by offering either negative or positive incentives.

Some steps taken by the United States in the recent past have been mildly punitive--the Commerce Department regulation 175 governing sales to the military and police, for example. Others have been mildly coercive; the Evans amendment requires that South African firms demonstrate that they are following principles similar to those in the Sullivan code before becoming eligible for Export-Import Bank financing. (It appears, however, that South Africa has thwarted the objective of the Evans amendment by forbidding companies, under the Protection of Business Act, from filling out a questionnaire drawn up by the State Department and required for compliance with the amendment.) Within this context, the Sullivan Principles are neither punitive nor coercive. They are not mandatory; in fact, companies are not even required to report publicly on their progress. They do not threaten to withhold investment from South Africa not do they provide specific incentives to the government should it alter its policies. They are, in this sense, symbolic.

They should not, however, be dismissed as merely cosmetic. They represent an important statement of the way business should be conducted in South Africa, and the changes that are introduced through their implementation have real importance for the workers and families directly affected. At the same time, their importance should not be exaggerated. The results of company efforts to implement the Sullivan Principles are unlikely to affect the core of apartheid--South Africa's restrictions of black rights. The results that flow from implementation of the Principles--greater black opportunity and increased interaction between the races--may soften the attitudes that support apartheid, but they do not directly threaten the current structure of South African society nor do they represent the major change being sought by many blacks and by critics of the South African government. But they may strengthen the position of some of those pushing for major change, and to this extent contribute to a fragile momentum for greater change to come.

Mr. Solarz. Thank you very much, Mr. Myers.

Our next witness will be Mr. William Broderick, the director of intergovernmental affairs of the Ford Motor Co.

Mr. Broderick, your statement will be included in the record.

## STATEMENT OF WILLIAM D. BRODERICK, DIRECTOR, INTERNATIONAL GOVERNMENTAL AFFAIRS, FORD MOTOR CO.

Mr. Broderick. Thank you, Mr. Chairman.

My oral statement, to stay within the time limit, will be a condensation of the written statement.

My name is William Broderick. I am director of the research and analysis office, international governmental affairs, Ford Motor Co. The statement is submitted in response to the invitation contained in Congressman Solarz's letter of May 5.

Ford continues to support and implement the Sullivan principles vigorously as the most appropriate and effective means available for U.S. companies with South African affiliates to contribute to the process of constructive social change in South Africa.

Some have criticized the Sullivan principles and the actions being taken to implement them as being irrelevant to the central problems of black South Africans. This criticism is not valid and reflects, in our opinion, a misunderstanding of the nature of the responsibilities that American companies can and should properly bear in operating abroad.

We believe that the cooperative, persistent, and voluntary implementation of the principles, both in and outside the work place, constitutes the most effective and pragmatic contribution to achieving social justice and racial reform the South African affiliates of U.S. firms can make consistent with their economic and commercial purposes and their capabilities.

Given both those purposes and the relatively small percentage that U.S. investment constitutes of total private investment in South Africa, the role of American affiliates, although important, is limited necessarily. We nonetheless hope that achievements of American affiliates will constitute an example which other companies and groups of companies will emulate.

Even the entire private business sector in South Africa should not, however, be reasonably expected to bear the whole burden of social change. Other South African institutions—political parties, churches, media, civic organizations, the universities, trade unions, and others—have both capabilities and responsibilities, and all must participate within the areas of their competence in order for this process of change to have the desired effect.

Within this context we find the Sullivan principles relevant to the general concerns of and the daily problems faced by black South Africans. It is Ford's belief that the Sullivan principles will, over the long run, be more effective and produce better results if they continue as a voluntary effort rather than as a legislated mandate of the U.S. Government.

Despite shortcomings, the voluntary effort in 3 short years has achieved many tangible results. The pace of achievement is accelerating, both in numbers of companies and the achievements and activities undertaken. An effective reporting system is in place. Efforts are underway to develop a credible, independent monitoring system.

Our activities and performance continue to be reviewed and critiqued regularly by church groups, universities, independent research organizations, media and private citizens, as well as by congressional groups. A legislative mandate could spur additional companies to become signatories, and I suppose it might stimulate some companies to do more than they are doing now.

It would, on the other hand, add an additional bureaucratic mechanism to the present process. It would create jurisdictional problems within the U.S. Government. And most importantly of all, in our judgment, it would raise the basic legal question of extraterritorial application and enforcement of U.S. laws. In our opinion the legislative alternative would create more problems that it would resolve.

Ford is encouraged by several recent legislative and regulatory changes in South Africa. It is our hope that this trend will continue. It appears to us that the Botha government has so far followed a more pragmatic and responsible course than its predecessor, and to that extent its policies have contributed to an improvement in both the social and business climate.

The policies of the South African Government, like those of other governments, are primarily, although not entirely, the result of domestic interests, pressures, and perceptions. The course of South African policy in the future, as in the past, will be determined far more by those internal factors than by outside forces.

The recent changes in labor and housing policies can be, we believe, largely attributed to all this process. External boycotts in particular, in the absence of wholehearted international participation, have a very poor rack record in forcing changes; and we do not believe that in general they are effective or useful instrument of policy.

Because legislation banning or limiting American investment, depending on how "investment" is defined, could quickly place Ford and other U.S. companies in a noncompetitive position vis-a-vis European and Japanese competitors, we want to emphasize that such action would be the equivalent, though over a longer period, of requiring disinvestment.

The impact of an investment ban on Ford South Africa would be to force a steady reduction in its share of the automotive market as its products became increasingly obsolete, and eventually to put it out of business. The impact of such legislation on the South African Government cannot be predicted by us, at least with certainty; but in our view it is unlikely it would result in less restrictive or more equitable racial policies.

A much more certain result would be the loss of jobs for black South Africans.

In the period between 1972 and 1979 Ford South Africa has been in an overall net loss position. Spending requirements have been funded primarily by local short-term borrowing and merchandise credits from Ford's European subsidiaries. Since 1975 Ford-South

Africa has spent on average about $7 million annually to maintain its business in South Africa. This has been for tooling to follow product changes in the European-type vehicles marketed there, to meet local content requirements, to implement the Sullivan Principles, and to perform routine maintenance operations.

With reference to the labor problems at Ford South Africa in November and December of last year about which the committee inquired, I am substituting for the record a detailed report on that subject which has recently been made available to Ford Motor Co. stockholders.

[The information referred to follows:]

## EMPLOYEE RELATIONS IN FORD SOUTH AFRICA

Ford Motor Company's South African affiliate, Ford of South Africa (Pty.) Limited (FSA), historically has endeavored to foster good labor relations and to implement non-discriminatory labor practices in conformity with Ford policies adopted worldwide and in compliance with its commitment to the Sullivan Principles, of which Ford US was an original signatory:

Principle I - Non-segregation of the races in all eating, comfort and work facilities.

Principle II - Equal and fair employment practices for all employes.

Principle III - Equal pay for all employes doing equal or comparable work for the same period of time.

Principle IV - Initiation of and development of training programs that will prepare, in substantial numbers, Blacks and other non-whites for supervisory, administrative, clerical and technical jobs.

Principle V - Increasing the number of Blacks and other non-whites in management and supervisory positions.

Principle VI - Improving the quality of employes' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

### Background of Union Relations at FSA

In 1973, FSA and its black employes organized a liaison committee in accordance with the Black Labor Relations Amendment Act (1973) to replace a works committee established earlier under the Native Labor Settlement of Disputes Act. The liaison committee consists of elected employe representatives and appointed company representatives. The functions of a liaison committee are to consider matters of mutual interest to the employer and to black employes and to make recommendations concerning conditions of employment. The committee does not negotiate formal collective labor agreements.

In March 1977, the United Automobile, Rubber and Allied Workers of South Africa (UAW) demonstrated that it represented the interests of the majority of black hourly paid employes. Because a union comprised of black members could not be registered with the government at that time, FSA informally recognized the union by agreeing to withhold $0.48/week from each requesting employe's wages as a premium under a group insurance policy. The union receives one-third of the premium as an administration fee.

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FSA, as a member of the Eastern Province Automobile Manufacturers' Association, negotiates general conditions of employment (including wages) for its hourly paid employes through the Industrial Council for the Automobile Manufacturing Industry, Eastern Province, registered in November 1979, under the Industrial Conciliation Act. The other employer members of this Association and of the Industrial Council are South African operations of General Motors and Volkswagen.

Two registered unions are members of this Council: The South African Iron, Steel and Allied Industries Union (white members) and the National Union of Motor Assembly and Rubber Workers of South Africa (colored members).

Because the UAW (representing only black members) has not been able to legally participate in the Industrial Council, it has not formally been a party to a general collective labor agreement to date. However, a black representative from each employer's liaison committee has participated in meetings of the Industrial Council, accompanied by an official from the Black Labor Administration. (The black representative from FSA has, in recent years, been the president of the unregistered black union.) The colored employes' union typically coordinates its positions with the UAW and generally supports black employe positions in the Industrial Council.

Within FSA, management recognizes the UAW as the spokesman for its members and discusses work-related grievances with the union's plant level shop stewards. Policies and administrative procedures are identical for all three unions within FSA, and Industrial Council agreements are applied without discrimination to hourly paid employes of all racial groups.

In 1979, South African labor law was amended to permit the registration of unions comprised of black members (and, in some cases, to permit multi-racial unions). The UAW has applied for registration.

## Employment and Wages at the Struandale Assembly Plant

FSA policy has provided equal pay for equal or comparable work for the same period of time since 1971. Each hourly job has been placed in a wage grade based on an evaluation of its relative complexity and responsibility. The grade assigned to each hourly classification and the minimum pay rate for each grade are established in the Industrial Council collective bargaining agreement. The grade assignments of job classifications are reviewed when job content changes to be sure that the grade continues to be appropriate in relation to other jobs.

Employes normally start at or near the minimum rate for their grade and progress based on seniority and performance. Seniority is the primary criterion for hourly employes while performance is given greater weight in the case of salaried personnel.

In addition to competitive pay levels and inflation rates, FSA considers data on local economic living levels developed by the University of Port Elizabeth as a guide in developing the minimum hourly pay rates. The following chart indicates the distribution of hourly employes by grade and race at the Struandale Assembly Plant at the time of the employe walkouts discussed on the following pages, and also shows average pay per hour.

**Struandale Assembly Plant**
**Hourly Employment at October 31, 1979**
(Wages in U.S. Dollars)

| Wage Grade | Minimum Hourly Rate | Black | | Colored | | White | |
|---|---|---|---|---|---|---|---|
| | | Number | Avg. Wage | Number | Avg. Wage | Number | Avg. Wage |
| 1 | $1.20 | 150 | $1.25 | 2 | $1.26 | - | - |
| 2 | 1.21 | 238 | 1.27 | - | - | - | - |
| 3 | 1.24 | 77 | 1.28 | 1 | 1.26 | - | - |
| 4 | 1.26 | 45 | 1.33 | 5 | 1.38 | - | - |
| 5 | 1.30 | 43 | 1.38 | 41 | 1.57 | - | - |
| 6 | 1.33 | 93 | 1.51 | 4 | 1.58 | - | - |
| 7 | 1.39 | 8 | 1.60 | - | - | - | - |
| 8 | 1.48 | 25 | 1.74 | 8 | 1.93 | 11 | $1.84 |
| 9 | 1.62 | 45 | 1.99 | 6 | 2.11 | 23 | 2.10 |
| 10 | 1.92 | 5 | 2.05 | - | - | 31 | 2.48 |
| 11 | 2.82 | - | - | - | - | 57 | 3.90 |
| 12 | 3.60 | - | - | - | - | 15 | 4.01 |
| | | 729 | | 67 | | 137 | |

At the request of FSA, the South African Institute of Race Relations (SAIRR) conducted a review of progress toward achievement of the Sullivan Principles during September 1979. The SAIRR report identified pay as a major concern of many employes. FSA's plants had been on a four day work schedule during this period because of a decline in sales resulting from rapidly increasing gasoline prices. The unions preferred the reduced work schedule as an alternative to layoffs; but this approach, of course, resulted in reduced weekly pay.

Also during this period, FSA had initiated a review of the hourly grade structure. In February 1980, at FSA's urging, the Industrial Council reduced the number of grades from 12 to 8 to better group jobs with similar responsibilities and increased the minimum wage rate by 15 percent -- significantly more than the 5 percent called for in the collective bargaining agreement at that time. Further wage increases are planned, and full work schedules have resumed as sales have begun to recover.

## Labor Unrest

FSA's long period of labor peace was interrupted on October 31, 1979, when approximately 700 black employes at the Struandale Assembly Plant walked off their jobs for three days. This was followed by another brief walkout on November 13, and a third longer work stoppage which began on November 21.

All but twelve of the 729 employes who left their jobs on November 21 have returned to work following the reinstatement agreement reached on January 9, 1980, by management with employe representatives. Only eleven of the employes have not applied for reinstatement, and one, Mr. Thozamile Botha, is prevented from returning to work under terms of a government order. Ford has sought a modification of the order on Mr. Botha's behalf which would allow him to work. FSA would reinstate him should he be permitted and elect to return.

The original October 31 walkout at the Struandale Assembly Plant occurred in support of Mr. Botha, a FSA employe and leader of the Port Elizabeth Black Civic Organization (PEBCO), who resigned contending that he had been given an ultimatum to choose between working for FSA and his outside activities after being admonished by his supervisor for absenteeism. After reviewing the situation with Mr. Botha and union representatives, management concluded that there could have been a legitimate misunderstanding between him and his supervisor, and he was immediately reinstated. The employes returned after three days; and management, recognizing the unusual circumstances, did not deduct the lost time from their pay or invoke any other penalties.

The second walkout occurred on November 13 following press reports of racial remarks made by some white workers in a meeting held off company premises outside of working hours.

After unsuccessfully trying to obtain an apology for the remarks by white employes through the union, FSA management advised that, while it regretted racial statements made by individuals or groups, it could not be held accountable for such statements made off its premises.

The third walkout began on November 21, the deadline black employes had set for an apology from white union members for the remarks. The 319 black employes at the adjacent Engine Plant did not participate in the walkout, nor did FSA's other 146 black or 1,984 colored hourly and salaried employes.

On November 20, management posted a notice advising all employes that any employe who left his place of work during normal working hours, or who refused to work reasonable overtime, would be regarded as having terminated his own services. This notice was posted only after the employes had held several unauthorized mass meetings and had walked out on the two previous occasions, and after management had been informed by the South African police that further open air mass meetings would be cause for police intervention.

Although FSA management did not request police involvement, management's concern over this possibility, and the fact that the employes would be subject to criminal prosecution if they participated in an illegal strike, prompted posting of the notice in an attempt to avoid a walkout while discussions with employes continued.

## Grievances Raised Following the Initial Walkout

As described above, the walkout on October 31 was not initiated because of work related grievances. However, a number of work related concerns were subsequently expressed to management by black employes at the Struandale and Engine Plants and through the liaison committee.

FSA established a committee, comprised of representatives of the three unions, to review the grievances, to resolve those which applied to groups of employes and to refer individual employe grievances to Shop Stewards to handle through the regular grievance procedure. This committee had four meetings and all the parties were satisfied with the actions taken. A listing of the major grievances and management's responses is attached.

## Grievance Procedure in Effect at the Time of the Walkout

The grievance procedures in effect at the time of the walkout comprised six steps:

1) The employe discusses the grievance with his immediate supervisor. The supervisor must respond to the employe before the end of the following shift.

2) If the grievance is not resolved, the employe, together with a Shop Steward, take the matter to the General Foreman. The supervisor must reply to the employe within three shifts from time the grievance was first raised.

3) The employe and Shop Steward take the matter to the Labor Relations Representative. At this step the grievance is put in writing. The employe's Superintendent or Department Manager also reviews the case. A reply to the employe is required within four shifts from the time the grievance was first raised.

4) The employe, Shop Steward and a union officer discuss the grievance with the Labor Relations Supervisor and the employe's Department Manager.

5) The trade union secretary and Labor Relations manager review the grievance. The Industrial Relations Director may also participate at this stage.

6) If resolution has not been reached, the grievance is referred to the Industrial Council for arbitration.

At each step management and the employe have the right to appeal to the next step. Both parties are allowed to call on witnesses or specialist's knowledge (e.g., Industrial Engineers) in support of a claim. Collective grievances or individual grievances of serious nature which could effect company/union relationships are normally referred directly to Step 4 or 5 of this procedure. Typically, about half of the grievances are settled at Steps 1 and 2. It has never been necessary to refer a grievance to the Industrial Council.

In addition to the established grievance procedure, black employes also have the right to raise grievances through their elected representatives on the liaison committee.

Initially, neither of these procedures was used by the employes. Because the first walkout was not based on collective, work-related grievances, the liaison committee and the union leaders were not in a position to describe employe grievances to management.

While management attempted to work through elected employe representatives, for some time neither the union nor the liaison committee employe members became actively involved on behalf of the employes.

Management believes that part of the grievance procedure breakdown was due to the fact that neither the employes nor the union leadership had ever been faced with this kind of situation. The grievance procedure and the union leadership had not been tested previously in a strike environment.

As a result, several changes in Industrial Relations structure and procedures are being implemented:

. Additional Labor Relations representatives have been appointed to provide more shop floor representation and to better assess employe attitudes and supervisory practices.

. Union representation on the shop floor will be increased through appointment by the union of full time Shop Stewards to allow more effective communication among employes, union leaders and management.

. A committee of Shop Stewards representing all three unions and manufacturing management will be established to discuss mutual issues and assess employe attitudes and concerns.

. The grievance procedure has been simplified. To ensure that the procedure is responsive to employe concerns, changes will be negotiated with all of the unions.

FSA will continue to accept any reasonable efforts and actions by unions to better establish themselves as the recognized spokesmen for employes.

Effect on Ford South Africa

Ford is committed to vigorous implementation of the Sullivan Principles. FSA fully accepts the development of viable unions. As stated in the Investor Responsibility Research Center, Inc., of Washington, D.C., report of February 1980:

> "Ford has earned a reputation in South Africa as one of the most thoughtful and progressive companies in its industrial relations policies. Recent wildcat strikes at its Cortina plant in Struandale, near Port Elizabeth, have demonstrated the difficulties facing even relatively progressive employers in employee relations as changes in labor relations, work environment and job advancement policies are introduced. They also point out difficulties relatively new and still fragile black unions may have in representing demands of their politically disenfranchised constituents."

In many respects the walkouts represented a learning process -- for employes, for the unions and for FSA. We believe that the work related concerns of all employes can be resolved without the need to resort to work disruptions -- through collective bargaining, through grievance procedures, through effective two-way communication, through understanding at all levels of FSA's commitment to equal opportunity and through sensitive and genuine concern in employe relations. If the walkouts served any useful purpose, it has been to focus FSA's effort in these areas.

This report has been prepared in response to a request from the United Church Foundation of New York City, which owns shares of Ford Motor Company stock.

## Significant Grievances Raised During the Walkouts

Black employes at the Struandale and Engine Plants presented the following:

| | Issue | Management Comments |
|---|---|---|
| 1) | The year-end bonus payout should be for the period July 1978 - December 1979. Future bonus should be calculated for the period January - December. Accrued bonus should be paid out whenever an employe resigns or is dismissed. | As a part of its compensation program, FSA pays a service bonus of from 4.0% to 8.3% of annual base pay based on seniority. Historically, the accrual period has been from July through June with payment made the following December. FSA has changed the administrative practice pertaining to the payment of the year-end bonus effective in 1980 so that it accrues from January to December and is paid in December. [illegible] December 1979, eligible employes received bonus payments for the period from July 1978 through December 1979. The plan was also changed so that employes who terminate during the accrual period will be paid a pro-rated share. The employes who walked out forfeited their accrued bonus under the terms of the plan in effect at the time. These terms are specified in the Industrial Council Agreement. |
| 2) | An apology is expected from Mr. ________ before Wednesday, November 21, 1979, for his remarks against the black employes of Ford. Also, that Mr. ________ be transferred to another plant. | FSA attempted to obtain an apology from the employe and the white union. However, FSA cannot force an employe to apologise to other employes for statements that he has allegedly made to the outside press. Management regrets statements that could be offensive to other individuals or groups of employes and will not permit such statements to be made on company premises. |
| 3) | Equal pay for equal work. | The policy of equal pay for equal work is firmly established at FSA. Specific grievances concerning pay or job classifications are investigated by the Industrial Relations activity. Individual employe pay varies somewhat based on seniority. |
| 4) | Minimum wage of US $2.40 per hour. | Minimum wages are negotiated through the Industrial Council. Clearly, to remain viable, FSA's wages and salaries must be competitive. |

| | Issue | Management Comments |
|---|---|---|
| 5) | a) Loans should be made available for reasons other than building purposes when employes are in financial difficulties. | As part of its benefits program, FSA makes available interest free loans, principally for improvements to housing.<br>a) FSA is and has always been prepared to allow advances against earnings to employes based on the merits of each case. |
| | b) There should not be a three year waiting period for workers to qualify for loans to buy or improve homes. | b) For the time being the company will retain the three year waiting period. However, any employe who has less than three years' service and who wishes to apply for a loan, may contact the Labor Relations Representative. Each case will be considered on its merits. |
| 6) | Employes who wish should be allowed to revert to the weekly pay system. | FSA had earlier changed to monthly payment. However, weekly pay has been reinstituted for for employes who request it. |
| 7) | The Medical Aid Plan should be changed to do away with the 20% employe payment. | Employes presently pay 20% of the cost of medical insurance. FSA, in conjunction with the unions, has initiated an investigation of all aspects of the Ford Medical Aid Plan. |
| 8) | School books should be made available to children along the lines of the system in effect at General Motors. | FSA provides a refund for the cost of school books to dependent children of employes. This grievance pertains to administrative procedure and FSA has simplified the method of reimbursement. |
| 9) | Black employes feel that they are being ill-treated by white supervisors. | Management has initiated a series of training sessions for all supervision. Supervisors have been instructed to treat all employes equally and not to discriminate in any way in keeping with worldwide Ford policy. |
| 10) | Short time is only being worked by blacks. Whites and salaried staff always stay behind. | White employes also work short time when necessary. Some hourly employes are required to work overtime during periods of reduced production schedules. This is not based on race but is purely as a result of the workload in their respective areas. Salaried personnel are paid monthly. Consequently their work hours are not changed when production is reduced. |

| | Issue | Management Comments |
|---|---|---|
| 11) | a) There should be black Quality Control foremen, black General foremen and black superintendents. | a) FSA has a variety of training programs to develop employes for higher level jobs on a continuous and on-going basis. Appointments to these positions are made on the basis of qualifications. Under the Sullivan Principles, the company is committed to training and advancement of non-white employes to higher level jobs. |
| 12) | Do not want the trade union to be the spokesman of the workers. A referendum must be taken. | It is the responsibility of the union to demonstrate to the company that it represents the majority of the workers of a certain group before recognition is given to that trade union. |

In addition, several individual grievances were raised concerning specific job classifications, opportunities for advancement, availability of tools and supplies, and work schedules. A committee which included representatives of all three unions participated in the investigation of all grievances and has advised that all of the concerns had been satisfactorily handled. FSA is committed to equal treatment of all employes and has taken steps to ensure that this policy is fully implemented at all levels in the organization.

In a letter to Ford Motor Company management, forwarded by the U.S. Department of State on November 29, Mr. Thozamile Botha also expressed several grievances. These are quoted below with management responses:

| | Issue | Management Comments |
|---|---|---|
| 1) | Job Reservation Posts: Held by whites of whom many are far inferior in education, technical training, experience and competence. | Until December 1979 "Supervisory and Control" positions were reserved by law for whites; and blacks were excluded from welding positions. However, prior to the strike 39% of supervisory and control positions were held by non-whites and 35% of welders were black. FSA agrees that some white employes do not possess as much formal academic or technical training as some black and colored employes. However, as they are competent and fully qualified based on experience, there is no reason to replace them arbitrarily. The number of non-whites in these jobs will increase through attrition or as other vacancies occur. |

| | Issue | Management Comments |
|---|---|---|
| 2) | Equal pay and Equal Work: Black and white allegedly in same grade but differentiation in wages, doing the same work. | FSA's wage policy provides equal pay for equal work over the same period of time. Individual pay rates vary somewhat within each grade base on seniority without regard to race. |
| 3) | Victimisation: (a) People dismissed without reason given; (b) Sometimes for being allegedly politically-minded; (c) Sometimes for allegedly being instigators without any of these allegations being substantiated. | FSA has reviewed its disciplinary procedures to ensure that all employes have, and understand, the right to appeal disciplinary action, regardless of the offense. Outside activities, political or otherwise, are not cause for disciplinary action. However, activities which result in an employe not meeting the requirements of his job may be cause for disciplinary action, such as oral or written reprimands. |
| 4) | Failure of management to maintain good relations between blacks and whites. Management for instance disassociated itself with anti-black remarks made by a general foreman of Ford and failed to deal with matters adequately. | As stated elsewhere in this report, management regrets any derogatory or racial remarks. However, in line with its policy of not interfering with employes' outside activities, FSA cannot take action with respect to individual statements or opinions with which it may not agree, as long as these do not affect an employe's job performance. |
| 5) | Imbalance in training period between black and white, for instance, whites take three months for training whereas blacks are made to take two - three years in respect of the same training. No tangible explanation is given for this. | All training programs have specific minimum qualification periods which are equally applied. In some cases, training may be extended if an employe fails to qualify within the normal time. However, the example is believed to be a gross exaggeration. It should be noted that under South African law blacks cannot become apprentices. However, FSA provides an identical training program designated "workshop training". This is a five year program, but white and colored employes are able to qualify as artisans after 2.5 years if they pass a government test. Black employes are excluded from this test because they cannot be registered as apprentices. If whites do not pass the test, they "automatically" become artisans after five years. FSA intends to consider its workshop trainees as qualified after five years even though they will not be formally certified. |

| Issue | Management Comments |
|---|---|
| 6) Failure by management to take note of grievances of the workers. | The company's responses to the grievances demonstrate its good faith consideration of workers' concerns. |

**Following are grievances submitted by white employes and FSA's responses:**

| Issue | Management Comments |
|---|---|
| 1) Seperate facilities for whites should be provided. | FSA is committed to desegregate all facilities and will not provide separate facilities. |
| 2) Discipline on shop floor level has collapsed. | Discipline will be applied at the normal and fair standard. Supervision will receive the necessary management support to administer expected standards of discipline. |
| 3) Additional annual leave or additional pay demanded in view of the 2-1/2 days pay granted to the strikers. | FSA denied this claim. |

Mr. **Broderick.** This report details the consequences of the walkout which ended January 9, 1980, by mutual agreement. In an effort to strengthen employee-management relations, Ford South Africa is making several changes in industrial relations structure and procedures.

The committee also inquired about the study done by the South African Institute of Race Relations. In 1979 Ford South Africa took the initiative in requesting the South African Institute of Race Relations to undertake an independent assessment of Ford 's performance in implementing the Sullivan principles. It did so because of its genuine commitment to those principles and its desire to benefit from and act upon where possible the observations and recommendations of qualified independent observers.

As the audit team notes, Ford South Africa wanted the truth, as the observers saw it, and assisted in every way possible to get it with full cooperation. The report, noting that its purpose was to identify problems, not to praise achievements, was critical in several respects of what it saw as a Ford South Africa shortcoming.

Ford South Africa has taken the recommendations seriously and has taken steps to implement them where feasible. The report also, incidentally, cites the "cautious assessment by nonwhite union officials that Ford is probably the best employer in the Port Elizabeth industrial region."

One aspect of Ford South Africa's labor situation at the time the study was made perhaps deserves more emphasis than the report gave it. It reflects serious concern among the workers about the low level of take-home pay. In fact, our plants at that time were operating on a 4-day week schedule because of declining sales from rapidly rising gasoline prices. The company had considered the option of increased layoffs and a full work week for those kept on, but accepted the preference of the unions for a reduced work schedule as an alternative to layoffs. This provided employment for a greater number, but at the same time the employees interviewed were less satisfied than they would have been or than a fewer number would have been had they been working full time.

This being said, Ford is prepared to accept and to learn from informed criticism. We have requested the Institute of Race Relations to do a followup study later this year. In our opinion, neither the report nor the recent labor difficulties call into question the effectiveness of the Sullivan principles. They do make it clear that implementing those principles effectively calls for wholehearted, full-time commitment and unflagging attention to specifics.

We believe, and our judgment is shared by many well-informed outsiders who have visited Ford South Africa, that our senior management there has been imaginative, fair-minded, and receptive to differing viewpoints in its efforts to implement the principles.

In conclusion, Ford Motor Co. continues to believe that the continuing presence of American-owned companies in South Africa, working voluntarily and vigorously together toward full implementation of the principles as they carry out their normal functions constitutes the most effective contribution they can make toward improving the status of black South Africans and achieving meaningful social change in South Africa.

Thank you, Mr. Chairman.

[Mr. Broderick's prepared statement follows:]

## PREPARED STATEMENT OF WILLIAM D. BRODERICK, DIRECTOR, INTERNATIONAL GOVERNMENTAL AFFAIRS, FORD MOTOR CO.

My name is William Broderick. I am Director of the Research and Analysis Office, International Governmental Affairs, Ford Motor Company. This statement is submitted in response to the invitation contained in Congressman Solarz' letter of May 5.

The Sullivan Principles

In March 1977, Ford Motor Company was one of the twelve original signatories of the Sullivan Principles. Ford continues to support and implement them vigorously as the most appropriate and effective means available for U.S. companies with South African affiliates to contribute to the process of constructive social change in South Africa. Although we lack detailed knowledge of what non-signatory companies are doing in this area, we are confident that the record of performance of Ford South Africa (FSA) in the areas covered by the Principles compares favorably with that of any other company in South Africa.

Some have criticized the Sullivan Principles, and the actions being taken to implement them, as being irrelevant to the central problems faced by black South Africans. This criticism is not valid and reflects, in our opinion, a misunderstanding of the nature of the responsibilities that American companies can and should properly bear in operating abroad.

We believe that the cooperative, persistent, and voluntary implementation of the Sullivan Principles, both in and outside the workplace, constitutes the most effective and pragmatic contribution to achieving social justice and racial reform that South African affiliates of U.S. firms can make, consistent with their economic and commercial purposes and their capabilities. Given both those purposes and the relatively small percentage (less than 5%) that U.S. investment constitutes of total private investment in South Africa, the role of American affiliates, though important, is necessarily limited. We nonetheless hope that the achievements of American affiliates will constitute an example which other companies, and groups of companies, will emulate.

Even the entire private business sector in South Africa should not, however, be reasonably expected to bear the whole burden of social change. Other South African institutions - political parties, the churches, the media, civic organizations, the universities, the trade unions, and others - have both capabilities and responsibilities, and all must participate within the areas of their competence in order for the process of change to have the desired effects. Within this context, we find the Sullivan Principles relevant to the genuine concerns of, and the daily problems faced by, black South Africans.

It is Ford's belief that the Sullivan Principles will, over the long term, be more effective and produce better results for the citizens of South Africa if they continue as a voluntary effort, rather than as a legislated mandate of the U.S. Government. We are aware that many will disagree with this position. We recognize that the voluntary approach falls short of, and will continue to fall short of, perfection. Nonetheless, we think the alternative suggested raises even greater problems.

Despite the shortcomings, the voluntary effort in three short years has achieved many tangible results. The pace of achievement is accelerating, both in numbers of companies, and the activities undertaken. An effective reporting system is in place. Efforts are underway to develop a credible independent monitoring system. Our activities and performance continue to be reviewed and critiqued regularly by church groups, universities, independent research organizations, the media, and private citizens, as well as by Congressional groups.

A legislative mandate could spur additional companies to become signatories, and I suppose it might stimulate some companies to do more than they are doing at present. It would, on the other hand, add an additional bureaucratic mechanism to the present process; it would create jurisdictional problems within the U.S. Government; and most seriously of all, in our judgment, it would raise the basic legal question of extraterritorial application and enforcement of U.S. laws. This is a subject on which countries other than South Africa have always expressed genuine concerns; and it is one to which the South African Government will, we believe, be particularly sensitive. In our opinion, the legislative alternative would create more problems than it would resolve. We think resort to it is not justified unless it should become much clearer than it is now that the voluntary approach cannot produce significant results.

Policy and Legal Considerations

Ford is encouraged by certain recent legislative and regulatory changes in South Africa, such as those which have partially eliminated discrimination against black workers and have made it possible for some blacks to acquire homes on a 99-year leasehold arrangement. It is our hope that this trend will continue. It appears to us that the Botha government has so far followed a more pragmatic and responsive course than its predecessor; and to that extent, its policies have contributed to an improvement in the social and business climate in South Africa. We note that publication is due shortly of the second part of the Wiehahn Commission report, which is expected to recommend additional steps toward improving equal treatment in the workplace. We believe these reforms will benefit not only black workers, but South Africa as a whole. FSA continues to support the repeal of all forms of racial discrimination in the labor laws.

The policies of the South African Government, like those of other governments, are primarily, though not entirely, the result of domestic interests, pressures and perceptions. The course of South African policy, in the future as in the past, will be determined far more by those internal factors than by outside forces. The recent changes in labor and housing policies can be, we believe, largely attributed to this process. External boycotts, in particular, in the absence of wholehearted international participation, have a very poor track record in forcing changes in government policies and we do not believe they are, in general, a useful instrument of policy. Boycott efforts by individual firms or groups of firms, would necessarily be, in our opinion, even less effective than those of governments.

Ford believes that change in South Africa must be the result of the efforts of a number of institutions, each playing its appropriate role. Ford does not believe that a confrontational approach would contribute to improving the status of blacks; nor does it believe that as a foreign-owned firm, FSA has either the competence or the authority to involve itself in internal political matters. FSA, however, does have both the right and the obligation to treat all its employes equally, to provide ample opportunity for advancement through training and educational programs, and to help make it possible for its employes and their families to lead productive and healthy lives in their local communities. By doing this it will, in our view, accomplish more on behalf of black South Africans in general than could be accomplished by withdrawal or disinvestment. Whatever else the latter course would achieve, it would have the immediate effect of confronting over 5600 FSA employes, 64% of whom are black and colored, with the loss of their jobs.

Because legislation banning new American investments (depending how investment is defined) could quickly place Ford and other U.S. companies in a non-competitive position vis-a-vis their European and Japanese competitors, we want to emphasize that such action would be the equivalent, though over a longer period, of requiring disinvestment. The impact of an investment ban on FSA would be to force a steady reduction in its share of the automotive market as its products became increasingly obsolete, and eventually to put it out of business. The impact of such legislation on the South African Government cannot be predicted with certainty; but in our view, it is unlikely that it would result in less restrictive or more equitable racial policies. A much more certain result would be the loss of jobs for black South Africans.

U.S. Government objectives vis-a-vis South Africa were defined in July 1977 by former Secretary Vance as (a) an end to racial discrimination and (b) establishment of a new course, in forms to be decided by the people of South Africa, toward full political participation by all South Africans. The U.S. Government has taken some specific steps to restrict the level of relationships between South Africa and the U.S. The Government has endorsed the Sullivan Principles and has encouraged the participation of American companies in them. It has also opposed legislation to prohibit or curb U.S. private investment in South Africa. In general, we believe this constitutes an appropriate U.S. Government posture.

## Ford in South Africa

Let me now address some specific questions about FSA operations which were raised in Congressman Solarz' letter.

Ford Motor Company has had operations in South Africa since 1924, through its affiliate, Ford South Africa. Ford South Africa is a wholly-owned subsidiary of Ford of Canada which is, in turn, an 89% owned subsidiary of Ford U.S.

FSA facilities, all located in the Port Elizabeth area, include an engine manufacturing plant and a car assembly plant; a second car assembly plant that also builds vans; and a truck assembly plant.

In 1979 Ford South Africa's retail sales totaled 32,781 cars, 14,117 trucks and 2444 tractors. The book value of Ford South Africa's total assets at the end of 1979 was $213 million, including $112 million in inventories.

Total Ford employment in South Africa as of May 1, 1980 was 5626, of whom 4048 were hourly employes and 1578 were salaried. Of this total 64% were non-white. In the terminology used in South Africa, 1500, or 26%, were black, 2126, or 38%, colored and 2000, or 36%, white.

The Group Areas Act of 1966, which places restrictions on non-whites in certain executive, professional, managerial and other senior jobs in white areas, does not apply to factories. Work Reservation Determination No. 16 of 1964, which placed certain restrictions on positions black and colored employes could hold at FSA, was cancelled on December 1, 1979. While the Apprenticeship Act as such contains no discriminatory provisions, it has until recently been the policy of the government in administering the Act not to allow the indenturing of black apprentices outside black areas.

A South African Commission of Inquiry into Labor Legislation chaired by Nicholas E. Wiehahn recommended in its first report, published May 1, 1979, that apprenticeship training be open to every person in the Republic of South Africa on condition that his application meets the requirements of the Apprenticeship Act and the requirements for apprenticeship; that the apprenticeship committee concerned supports his application; and that particular groups in designated industries are assured of adequate protection.

FSA promptly applied for registration of a black apprentice and in April 1980 the Minister of Manpower Utilization approved the application. FSA is now completing other applications.

As of May 1, FSA had a total of 16 black and 37 colored employes in salaried supervisory positions. Three colored employes directly supervise white employes. No black employes do. FSA expects that, by the end of 1980, the number of non-whites supervising whites will increase and that it will include at least one black supervisor.

FSA's pay scales and all Company benefit programs are applied among employes without any distinction or discrimination related to race. There are no laws prohibiting a single pay scale or non-discriminatory application of benefit programs.

Ford is actively interested in expanding its operations elsewhere in Africa. In Nigeria, Ford is currently negotiating a licensing arrangement for assembly of Ford trucks in that country. A comparison of Ford's operations in South Africa with those elsewhere in Africa, however, is not feasible. Ford South Africa is Ford's only active manufacturing operation in Africa. Ford sells goods and services in and to black African countries but no Ford organization is physically present at this time in any of them. Ford does not maintain sales and profit data on a country basis when there is no Ford entity established in that country. In 1979, Ford sales in South Africa constituted 0.7% of Ford worldwide sales.

In the period 1972-79 FSA has been in an overall net loss position. Spending requirements have been funded primarily by local short-term borrowing and by merchandise credits from Ford's European subsidiaries. Since 1975, FSA has spent on average, about $7 million annually to maintain a viable business in South Africa. This has been for tooling to follow product changes in the European-type vehicles marketed there, to meet local content requirements, to implement the Sullivan Principles and to perform routine maintenance operations.

FSA has undertaken a variety of programs and activities to improve the welfare of its employes, their families and their communities. These include: expansion and remodeling of eating and comfort facilities; initiation and expansion of training and education programs, both in-company and external; home improvement and home ownership programs; transportation assistance; scholarships, book reimbursement plans and contributions to non-white educational institutions; organizational and financial aid for sports and recreational facilities; and family counseling and industrial hygiene programs. A brief outline of specific accomplishments in these areas is attached.

There are three Americans employed by Ford in South Africa, one in automotive operations and two in the Ford Credit South Africa (Pty) Ltd. The Managing Director of Ford South Africa is a South African citizen.

FSA is about to inaugurate a training program aimed at improving human relations within the Company. It consists of two parts:

(a) A formal skills training program based on interaction management principles which are designed to equip managers and supervisors with the necessary skills to manage critical interaction situations in a manner satisfactory to both FSA and the employes.

(b) A series of structured group sessions which will allow employes from different race groups and organizational levels to interact and discuss various issues relating to human relations and in so doing develop a better understanding of each others' needs, wants and problems.

These programs will run side by side with each supplementing and reinforcing the other. Although the programs use slightly different methodologies, both are aimed at developing inter-personal skills and changing attitudes. FSA has already run some experimental pilot sessions with encouraging results.

A fully trained and qualified individual has been employed by the Company, effective June 1, to administer this program.

## Labor Relations

FSA recognizes three trade unions; the South African Iron, Steel and Allied Industries Union (white); the National Union of Motor Assemblers (colored); and the United Automobile, Rubber and Allied Workers of South Africa (black).

With reference to the labor problems at FSA in November and December of last year, I am submitting for the record a detailed report on that subject which has recently been made available to Ford Motor Company stockholders.

In summary, two brief walkouts were followed by an extended one of more than a month, the last one having been caused in part by the failure of some white employes to apologize for alleged racial slurs made off Company premises and outside of working hours. The employes who walked out (approximately 60% of our black labor force) chose not to make use of established grievance procedures nor to raise grievances through their elected representatives on the liaison committee. On January 9, 1980, agreement was reached between management and the employes concerned under which the Company agreed to reinstate, with all existing benefits, all former employes who wished to return to work. All but twelve of the 729 employes who left their jobs have now returned to work. Eleven of those twelve have not applied for reinstatement, and one is prevented from returning to work under terms of a government order.

As a consequence of the walkout, and in an effort to strengthen employe-management relations, FSA is making several changes in Industrial Relations structure and procedures.

In many respects the walkouts represented a learning process - for employes, for the unions and for FSA. We believe that the work-related concerns of all employes can be resolved without the need to resort to work disruptions - through collective bargaining, through grievance procedures, through effective two-way communication, through understanding at all levels of FSA's commitment to equal opportunity and through sensitive and genuine concern in employe relations. If the walkouts served any useful purpose, it has been to focus FSA's effort in these areas.

FSA took the initiative in requesting the South African Institute of Race Relations to undertake an independent assessment of its performance in implementing the Sullivan Principles. It did so because of its genuine commitment to those Principles and its desire to benefit from and act upon where possible, the observations and recommendations of qualified independent observers. As the audit team notes, FSA wanted the truth as the observers saw it, and assisted them in every way possible to get it through full and honest cooperation. The report, noting that its purpose was to identify problems, not to praise achievements, was critical in several respects of what it saw as FSA shortcomings. FSA has taken the report's recommendations seriously and is taking steps to implement them wherever feasible. The report also, incidentally, cites the "cautious assessment by non-white union officials that Ford is probably the best employer in the Uitenhage-Port Elizabeth industrial region".

One aspect of FSA's labor situation at the time the study was made perhaps deserves more emphasis than the report gave it. The report reflected serious concern among workers about their low level of take home pay. In fact, FSA's plants were at that time on a four day work schedule because of declining sales resulting from rapidly increasing gasoline prices. The Company had considered the option of increased layoffs and a full work week for those kept on, but accepted the unions' preference for the reduced work schedule as an alternative to layoffs. This provided employment for a greater number; but at the same time, the workers were less satisfied than they would have been, if they had been working full-time.

This being said, Ford is prepared to accept and to learn from informed criticism. FSA has requested the Institute of Race Relations to do a follow-up study later this year. In our opinion, neither the report nor the recent labor difficulties call into question the effectiveness of the Sullivan Principles. They do make it clear that implementing those Principles effectively calls for whole-hearted and full-time commitment, and unflagging attention to specifics. We believe, and our judgment is shared by many well-informed outsiders, that FSA senior management has been imaginative, fair-minded, and receptive to differing viewpoints in its efforts to implement the Principles.

Ford Motor Company continues to believe that the continuing presence of American-owned companies in South Africa, working voluntarily and vigorously together toward full implementation of the Sullivan Principles, as they carry out their commercial and economic functions, constitutes the most effective contribution they can make towards improving the status of black South Africans and achieving meaningful social change in South Africa. We want the Ford presence there to be part of the solution, not part of the problem.

## Ford South Africa - Implementation of the Sullivan Principles

**Among the steps taken by Ford South Africa since the adoption of the Sullivan Principles are the following:**

**Principle I - Non-segregation of the races in all eating, comfort and work facilities.**

- **Removal of all racially restrictive signs throughout Company premises.**
- **Alterations and remodeling of cafeterias and locker rooms to provided desegregated facilities.**

**Principle II - Equal and fair employment practices for all employes.**

- **Recognition of black workers' union.**
- **Institution of dues check off system for black union members.**
- **Appeal to Government Commission of Inquiry (Wiehahn Commission) to repeal all forms of racial discrimination on labor laws.**
- **Success in having the government permanently suspend restrictions (Environmental Planning Act of 1968), on the number of blacks who could be employed by individual companies in the Port Elizabeth area.**
- **Success in having the government cancel regulations (Work Reservation Determination No. 16, of 1964) limiting the kinds of jobs which black workers could hold.**
- **Government agreement to register first black apprentice.**

**Principle III - Equal pay for all employes doing equal or comparable work for the same period of time.**

- **Ford South Africa policy since January 1971.**
- **Increase in first quarter 1980, of minimum wage plus benefits to R290, compared to Household Effective Level mimimum of R253.**

**Principle IV - Initiation of and development of training programs that will prepare, in substantial numbers, Blacks and other non-whites for supervisory, administrative, clerical and technical jobs.**

- **As of March 31, 1980, 96 black and 129 colored employes participating in full-time in-house training and development programs, as compared with 14 blacks and 39 colored employes in such programs at the end of 1976.**
- **As of March 31, 1980, 79 black and 169 colored employes enrolled in Company education programs.**

- New Company Training Center completed at end of 1979, now in use.
- Recruiting at non-white universities produces offers of positions to 12 black and 4 colored graduates in FSA's Graduate Development Program.
- Six colored and one black trainee studying full-time toward the National Diploma for Technicians at the local Technikon, previously open only to whites.
- One black and one colored employe annually enrolled in two-year M.B.A. program in U.S. beginning with 1979 Fall term.

Principle V - Increasing the number of Blacks and other non-whites in management and supervisory positions.

- As of May 1, 1980, 53 black and colored employes, constituting 9.1% of the total, now hold salaried supervisory positions at FSA. (On January 1, 1978, the corresponding percentage was 5.5%.)

Principle VI - Improving the quality of employes' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

- $500,000 contribution to Urban Foundation for improving quality of life for black South Africans.
- 202 interest-free home improvement loans granted to non-white employes in 1978-79.
- Grants to employes to purchase architect's drawings for home improvements.
- Special discounts on used vehicles for low-income employes.
- $349,000 contribution to building first Technical Institute in Port Elizabeth for training blacks.
- Scholarships, books, and equipment donated to black and colored schools and universities.
- Funding cost of buildings for multi-racial sports and social club.
- Sponsor refurbishing and development of multi-racial theater.
- Donations to various black and colored recreation projects ($123,000 in 1979).
- Donations to black and colored health and welfare projects.

May 1980

Mr. Solarz. Thank you very much, Mr. Broderick.

Our final witness will be Donald Taylor, the president and chief operating officer of Rexnord.

Mr. Taylor.

## STATEMENT OF DONALD TAYLOR, PRESIDENT AND CHIEF OPERATING OFFICER, REXNORD

Mr. Taylor. Mr. Chairman and members of the committee, I understand you already have my biography, but I would like to add that in addition to having once had direct oversight responsibility for Rexnord's operations in South Africa, I have visited our facilities there on at least a dozen times since 1971, and the last time it was with the entire board of directors of Rexnord.

Mr. Chairman, we are here today for two reasons. The first reason is that apartheid is repugnant to the people of Rexnord, and we are concerned about our responsibility is right. Our direct involvement dates back to our acquisition of manufacturing facilities in South Africa in 1970. By the time we signed the Sullivan principles in 1978, we had already made progress in many of the areas outlined by Reverend Sullivan.

Mr. Chairman, there is no question that more needs to be done. We do believe that our contribution to the economic and social well-being of our employees is part of the process that will lead to peaceful evolutionary change in South Africa. Of course, the numbers we have are small when contrasted to the entire nonwhite population, but on the other hand, our 712 employees and their 3,000 or so family members do exert their own personal influence in the communities in which they live.

The second reason is it is consistent with our policy of encouraging our employees and other corporations wherever they may be to be of assistance to the communities in which they operate and the people in them. We believe voluntary programs when accompanied by sincere and open commitment achieve the kind of long-term results we are beginning to see happen in South Africa. They also preserve goodwill and build a base for the future.

Let me tell you briefly about Rexnord and respond to some of the questions in your letter to us.

Rexnord is headquartered in Milwaukee, Wis. We manufacture mechanical and hydraulic power transmission components, water pollution control equipment, construction machinery, crushing and processing machinery, material handling systems and other specialized products and machinery. We employ over 18,000 people in 53 United States and Canadian plants and in 22 overseas facilities. Our 1979 sales were slightly over $1 billion—with profits of 5.7 cents on the sales dollar.

Our largest South African facility is in Vereeniging and manufactures crushers and screens for the mining industry. We have a special alloy foundry in Alrode and a small repair facility in Welkom. Including our sales office in Johannesburg, total Rexnord employment in South Africa is 712. Broken down by race, the figures are 363 blacks, 298 whites, 44 coloreds, and 7 Asians. Our investment in South Africa is $18 million which represents 2.5 percent of Rexnord's total assets.

Rexnord signed the Sullivan principles in 1978. At that time our former chairman, William C. Messinger, wrote to Reverend Sullivan:

> Rexnord policy and practice is to pursue all the aims contained in the Sullivan Statement of Principles, and in most of our facility locations we believe that we have achieved or exceeded them. We do not treat our employees fairly and equitably in South Africa because they are South African, we treat them fairly because they are our employees.

In 1975, Rexnord adopted its own "Declaration of Principles" dictating employment practices worldwide. This declaration was an extension of written corporate purposes published in the early 1960's. Our own principles state that Rexnord will:

> Strive to provide opportunity for personal fulfillment * * * accept responsibility to provide clean, decent, efficient working conditions for its people, to pay proper wages and benefits * * * and assume an active corporate role in working for the betterment of the communities in which Rexnord has facilities. Every job in our organization should enable the individual to earn respect and recognition, to maintain individuality and dignity, and to experience the deep satisfaction of working with others in a worthwhile enterprise.

You have been given copies of the Rexnord Declaration of Principles.

Following these principles we started five programs in South Africa. One, identical pay scales for all of our employees in like jobs in South Africa; two, medical and pension plans for all employees—black and white; three, long-term training programs; four, all eating facilities available to all employees; and five, an innovative housing program.

Mr. Chairman, these accomplishments do not sound monumental. But they represent real progress. As an example, in one 4-year period, from 1975 to 1979, black starting salaries increased from 30 cents an hour to $1.25. Implementing a common wage and salary policy increased our operating costs $500,000 per year. Our aim is to compensate our employees in South Africa to enable them to make their own economic decisions.

For years certain jobs were reserved for whites by union policies. As a result, training programs proved ineffective because promotions were difficult to make. But now we are expanding the training programs made available to our employees and have many black machine operators to testify to the success of our efforts.

South African law prohibits common facilities but we did it anyway and have made it stick in Vereenigning. And all signs designating race have been removed, and we are working hard to overcome old habits and prejudices.

Our housing program included working with other industries and a town planner to design a new concept for area homes which employees can purchase. The importance of this cooperative effort should not be overlooked.

We have not stopped trying. Recently, we asked the Minister of Manpower Utilization to pressure the unions to accept blacks into officially recognized apprenticeship programs.

Apprenticeships are important to the economic advancement of the nonwhite population in South Africa. They represent the first rung on the economic ladder for skilled labor.

Technical training by its very nature makes it difficult for the changes to occur in great numbers. It is especially slow in the engineering-based industries such as ours.

In answer to another of your questions, yes, we believe the Sullivan principles and related fair employment programs are helping to effect economic improvement for some black South Africans.

Another question from your letter, Mr. Chairman, was: "Will the Sullivan principles affect fundamental change?" Peaceful change is a slow process and will not take place until South Africans, white and black, take responsibility for it. But hopefully, that is starting to happen. Since Prime Minister Botha has taken office, two commissions have reported on labor practices and restrictive legislation. Some relaxation of the apartheid philosophy is taking place.

We know complying with the principles will not bring about political freedom all by itself. We do believe, though, that through improved economic status is a step in the right direction. These personal freedoms and political freedoms cannot exist without economic freedom.

Mr. Chairman, you've asked if it would be useful to pass legislation requiring U.S. companies to abide by the Sullivan code. My answer is no. I believe sincere personal commitment is the answer. Rexnord and other companies have been successful in effecting some changes in South African policies. We will continue to use cooperative dialog with the South African Government so that they will not retreat from the progress they are currently making.

I am aware that one of the other objectives in these hearings is to discuss the effects limiting investment in South Africa and what the United States can do to register its strong objections to apartheid.

As you probably know, American investment in South Africa totals approximately 16 percent of the foreign investment there. We assume South Africa could easily find business from other countries to help them expand their economy. So limiting investment, again as you noted in 1978, is a political gesture, a means of registering our rejection of apartheid.

You ask whether barring new American bank loans and new investment would persuade the South African Government to make changes. Again, I would answer no.

I don't believe restricting further investment—removing the possibility of incentive altogether—would encourage South Africa to institute peaceful, social, and economic changes beneficial to their black population. An overall expanding economy, by its force, brings more people into the work force. More blacks will have to be hired—and with this action comes economic power.

The Western World relies almost exclusively on South Africa for our supplies of certain strategic minerals which are essential to manufacturing. In addition to my other concerns, I worry about world repercussions that would limit U.S. access to those minerals.

Mr. Chairman, I hope our comments are responsive to your concerns. We have not delved into the activities of other companies. We see some of their progress as reported by Reverend Sullivan. We have no way of knowing exactly how they're behaving in South Africa, but we believe many are doing their best.

Mr. Chairman, you've asked what we can do to persuade South Africa to make meaningful changes. We asked our manager in South Africa to respond to this question. I would like to quote what he said:

> U.S. companies' role should be to insure that their subsidiaries' management continuously make representation to the South African Government to remove any legislation that stands in the way of the implementation of equal employment opportunities.

My own answer is do much more of what we're already doing and to do it better. By we, I mean Rexnord and other U.S. companies. I know we have not completed the task set forth in the Sullivan principles. However, we are on the right track and we are committed to continue our efforts in South Africa.

Some suggestions in support of the Sullivan principles and our own concern would seem to be in order here. We have five suggestions.

One, we would suggest calling another forum to build on the successes of the corporate meeting at Sand Point, N.Y., in 1976. It could be used to develop a consensus for action.

Two, expand the communication between signatories so they can pool ideas and select the most effective programs for faster change.

Three, to create positive incentives for progress as well as for signing the principles. It might take the form of greater public recognition for signatories.

Four, to encourage local communication with the South African Government by subsidiary management, regarding equal employment opportunities.

Five, to reduce the complexity of reporting by requiring only one complete form per year. A cursory form could be submitted at midyear for those making acceptable progress. I would still allow Reverend Sullivan to identify companies that need to be reclassified.

Mr. Chairman, that concludes our statement. I want to thank you and the members of the committee for your attention.

Thank you, Mr. Chairman.

[Mr. Taylor's prepared statement follows:]

## Prepared Statement of Donald Taylor, President and Chief Operating Officer, Rexnord

Good morning, Mr. Chairman and members of the Subcommittee. My name is Donald Taylor and I am President and Chief Operating Officer of Rexnord. I understand you already have my biography. I would like to say that in addition to having had oversight responsibility for Rexnord's operations in South Africa, I have visited our facilities there on several occasions—once with the entire Rexnord Board of Directors in October, 1978.

Mr. Chairman, we are here today for two reasons: The first reason: Apartheid is repugnant to the people of Rexnord and we are concerned about our responsibility to do what is right. Our direct involvement dates back to our acquisition of manufacturing facilities in South Africa in 1970. By the time we signed the Sullivan Principles in 1978, we had already made progress in many of the areas outlined by Reverend Sullivan. Mr. Chairman, there is no question that we need to do more.

We do believe that our contribution to the economic and social well-being of our employees is part of the process that will lead to peaceful and evolutionary change in South Africa.

Of course, the numbers we help are small when contrasted to the entire nonwhite population. On the other hand, our 712 employees and their 3,000 or so family members do exert their own personal influence in the communities in which they live.

The second reason is that, Rexnord is working actively in the United States to encourage corporations to voluntarily expand their programs to help communities and the people in them. We believe voluntary programs, when accompanied by sincere and open commitment, achieve the kind of long-term results we see happening in South Africa. They also preserve good will and build a base for the future.

Let me tell you briefly about Rexnord and respond to the questions in your letter to us.

Rexnord is headquartered in Milwaukee, Wisconsin. We manufacture mechanical and hydraulic power transmission components, water pollution control equipment, construction machinery, crushing and processing machinery, material handling systems and other specialized products and machinery. We employ over 18,000 people in 53 U.S. and Canadian plants and in 22 overseas facilities. Our 1979 sales were slightly over $1 billion—with profits of 5.7 cents on the sales dollar.

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In 1975, Rexnord adopted its own "Declaration of Principles" dictating employment practices worldwide. This declaration was an extension of written corporate purposes published in the early 1960's. Our own principles state that Rexnord will: "Strive to provide opportunity for personal fulfillment * * * accept responsibility to provide clean, decent, efficient working conditions for its people, to pay proper wages and benefits * * * and assume an active corporate role in working for the betterment of the communities in which Rexnord has facilities. Every job in our organization should enable the individual to earn respect and recognition, to maintain individuality and dignity, and to experience the deep satisfaction of working with others in a worthwhile enterprise." You have been given copies of the Rexnord Declaration of Principles.

Following these principles we started five programs in South Africa:

(1) Identical pay scales for all of our employees in like jobs in South Africa.
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(3) Long-term training programs.
(4) All eating facilities available to all employees.
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Mr. Chairman, these accomplishments do not sound monumental. But they represent real progress. As an example, in one four-year period from 1975–79, black starting salaries increased from 30 cents an hour to $1.25. Implementing a common wage and salary policy increased our operating costs $500,000 per year. Our aim is to compensate our employees in South Africa to enable them to make their own economic decisions.

For years certain jobs were reserved for whites by union policies. As a result, training programs proved ineffective because promotions were difficult to make. But now we are expanding the training programs made available to our employees and have many black machine operators to testify to the success of our efforts. South African law prohibits common facilities but we did it anyway and have made it stick in Vereenigning. Our housing program included working with other industries and a town planner to design a new concept for area homes which employees can purchase. The importance of this cooperative effort should not be overlooked.

We have not stopped trying. Recently, we asked the Minister of Manpower Utilization to pressure the unions to accept blacks into officially recognized apprenticeship programs.

Apprenticeships are important to the economic advancement of the non-white population in South Africa. They represent the first rung on the economic ladder for skilled labor.

Technical training by its very nature makes it difficult for the changes to occur in great numbers. It is especially slow in the engineering based industries such as ours.

In answer to another of your questions * * * yes, we believe the Sullivan Principles and related fair employment programs are helping to effect economic improvements for some black South Africans.

Another question from your letter, Mr. Chairman, was: "Will the Sullivan Principles affect fundamental change?" Peaceful change is a slow process and will not take place until South Africans, white and black, take responsibility for it. But hopefully, that is starting to happen. Since Prime Minister Botha has taken office, two commissions have reported on labor practices and restrictive legislation. Some relaxation of the apartheid philosophy is taking place.

We know complying with the "Principles" will not bring about political freedom all by itself. We do believe, though, that improved economic status is a step in the right direction. These personal freedoms and political freedoms cannot exist without economic freedom.

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As you probably know, American investment in South Africa totals approximately 16 percent of the foreign investment there. We assume South Africa could easily find business from other countries to help them expand their economy. So limiting investment, again as you noted in 1978, is a political gesture, a means of registering our rejection of apartheid.

You ask whether barring new American bank loans and new investment would persuade the South African government to make changes. Again, I would answer no.

I don't believe restricting further investment—removing the possibility of incentive altogether—would encourage South Africa to institute peaceful, social and economic changes beneficial to their black population. An overall expanding economy, by its force, brings more people into the workforce. More blacks will have to be hired—with this action comes economic power.

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Mr. Chairman, you've asked what we can do to persuade South Africa to make meaningful changes. We asked our manager in South Africa to respond to this question. I would like to quote what he said: "U.S. companies' role should be to ensure that their subsidiaries' management continuously make representation to the South African government to remove any legislation that stands in the way of the implementation of equal employment opportunities."

My own answer is do much more of what we're already doing and to do it better. By we, I mean Rexnord and other U.S. companies. I know we have not completed the task set forth in the Sullivan Principles. However, we are on the right track and we are committed to continue our efforts in South Africa.

Some suggestions in support of the Sullivan Principles and our own concern, would seem to be in order, here. We have five suggestions:

One: We would suggest the calling of another forum, to build on the successes of the corporate meeting at Sand Point, N.Y., in 1976. It could be used to develop a consensus for action.

Two: Expand the communication between signatories so they can pool ideas and select the most effective programs for faster change.

Three: To create positive incentives for progress as well as for signing the Principles. It might take the form of greater public recognition for signatories.

Four: To encourage local communication with South African governments by subsidiary management, regarding equal employment opportunities.

Five: To reduce the complexity of reporting by requiring only one complete form per year. A cursory form could be submitted at mid-year—for those making acceptable progress. It would still allow Reverend Sullivan to identify companies that need to be reclassified.

Mr. Chairman, that concludes our statement. I want to thank you and the members of the committee for your attention. Thank you, Mr. Chairman.

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## A DECLARATION OF PRINCIPLES

Acceptance of the Corporation's interdependence with all facets of society requires a clear statement of the principles that will guide our corporate future.

In previous years, change was evaluated against relatively stable factors. The problem-solving process was less complex. Today, the rapidity of change affects every corporate relationship throughout the world. Whatever skills were required in the past to meet corporate obligations to shareholder owners, to customers, to employees, and to society, the immensely complicated arena in which business operates in the mid-1970's demands a substantially higher level of expertise. World-wide double digit inflation has changed economic values in all places and in all things to create unprecedented upward adjustments in wages, in material costs, in costs of services for business; but even greater change has come in the higher expectations of people for a better life, for a cleaner environment, for safer working conditions, for assurance of product quality and reliability, for more leisure time, and for a guaranteed security in old age. More than ever before, the Corporation is asked to share in solving the ills of our society. To meet these many demands, the Corporation must be successful.

It is through the combined efforts of the people of Rexnord since its founding 82 years ago, who have committed themselves to hard work and to concern for the Corporation's future, that have brought the achievements today of a great world-wide enterprise—Rexnord Inc.

Now, in this period of great change, a restatement of fundamental principles is needed to become a base of understanding of how this Corporation will direct and will conduct its future:

That the people of Rexnord will continually strive for superior performance in all aspects of the business and pursue all activities honestly, honorably, ethically, and within the highest standards of corporate citizenship.

That Rexnord will strive to provide opportunity for personal fulfillment through understanding by the people within the organization that to work for the success of the Corporation can bring individual economic growth and self-satisfaction.

That the Corporation accepts the responsibility to provide clean, decent, efficient working conditions for its people, to pay proper wages and benefits, to be a non-polluter to the world's environment, and to represent the quality of its products and services honestly.

That the customer must have first priority because the degree to which Rexnord satisfies customer requirements better than others will cause Rexnord employees, shareholders, the communities in which we reside, suppliers, and governments to fare favorably in a very direct relationship.

That there will be a continuing recognition and concern for the position of the owners of the business to provide a fair return on their investment and to communicate the current conditions and the future opportunities of the enterprise.

That we will assume an active corporate role in working for the betterment of the communities in which Rexnord has facilities.

We are concerned about the future role of the corporate entity in its visual mission of economic achievement counterbalanced by accelerating demands from all segments of a rapidly changing society.

The concern is people—the people of Rexnord.

We strive to perfect the elements of corporate life to create positive, favorable, constructive attitudes toward the Company and to what must be accomplished. There must be a great renewed effort throughout to establish an earnest working alliance between all levels of the organization to achieve common goals—goals which are beneficial to all.

For Rexnord to meet the ever increasing demands for change from government, from customers, from shareholders, from employees, and from society in general, there must evolve a greater understanding of the multisided nature of these demands, their priorities, their complexities, and the alternatives for resolution. There is no single direction in which we must progress, there are many, many directions. We must develop new levels of communication and cooperation, new harmonies of purpose, new understanding of the common good among all people whose sole link together is the Corporation—Rexnord—so that we may address ourselves to the future in new totality and a new effectiveness. Every job in our organization should enable the individual to earn respect and recognition, to maintain individuality and dignity, and to experience the deep satisfaction of working with others in a worthwhile enterprise.

We subscribe to these principles.

R. V. KRIKORIAN,
*President.*
W. C. MESSINGER,
*Chairman.*

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### ADDENDUM TO DONALD TAYLOR'S MAY 15, 1980 TESTIMONY BEFORE THE FOREIGN AFFAIRS SUBCOMMITTEE ON AFRICA

Rexnord started its own fair employment programs prior to 1977. Those actions are as follows:

*Rexnord "Declaration of Principles"*

First published in 1974.

*Salaries*

Between May 1975 and March 1976 Rexnord moved to raise all salaries above the minimum living level. Minimum salaries were raised from $77.94 per month to $116.91 per month. A company-wide, formal job evaluation program to properly classify each position within the company and assure an equitable compensation system.

*Benefits*

After a year of preparation, a medical plan for blacks went into effect on April 1, 1977. The plan allowed them to pay less and receive the same benefits as white salaried employees.

*Pensions*

A company pension plan, to supplement Metal Industries pension, was instituted for black employees on January 23, 1976.

*Job advancement*

Between March 1976 and April 1977 Rexnord employment grew by 220. Staff positions, 20 white employees in 1976, grew to 105 in 1977—78 whites and 25 blacks.

*Industrial relations*

In October of 1975, Rexnord began to examine programs to allow all employee groups to consult with management. By March 1976, Liaison Committee representatives had been elected and were being trained by outside professionals in the art of negotiation at both Alrode and Vereeniging.

*Housing plan*

In late 1976, Rexnord began to develop a housing program.

*Integrated facilities*

A canteen for all races was opened in Vereeniging in November, 1977.

Mr. SOLARZ. Thank you very much, Mr. Taylor.

For the record I think it would be appropriate at this point to include both the original Sullivan code as well as the revised Sullivan code.

And Reverend Sullivan, if you can make that available to us, it will be included in the recorded at this point.

[The material follows:]

### THE ORIGINAL SULLIVAN PRINCIPLES, 1977

I. Non-segregation of the races in all eating, comfort and work facilities.

II. Equal and fair employment practices for all employees.

III. Equal pay for all employees doing equal or comparable work for the same period of time.

IV. Initiation of and development of training programs that will prepare, in substantial numbers, Blacks and others non-Whites for supervisory, administrative, clerical and technical jobs.

V. Increasing the number of Blacks and other non-Whites in management and supervisory positions.

VI. Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

### REVISED 1978

#### PRINCIPLE I—NONSEGREGATION OF THE RACES IN ALL EATING, COMFORT AND WORK FACILITIES

Each signator of the Statement of Principles will proceed immediately to:

Eliminate all vestiges of racial discrimination.

Remove all race designation sigs.

Desegregate all eating, comfort and work facilities.

#### PRINCIPLE II—EQUAL AND FAIR EMPLOYMENT PRACTICES FOR ALL EMPLOYES

Each signator of the Statement of Principles will proceed immediately to:

Implement equal and fair terms and conditions of employment.

Provide non-discriminatory eligibility for benefit plans.

Establish an appropriate comprehensive procedure for handling and resolving individual employe complaints.

Support the elimination of all industrial racial discriminatory laws which impede the implementation of equal and fair terms and conditions of employment, such as abolition of job reservations, job fragmentation, and apprenticeship restrictions for Blacks and other non-whites.

Support the elimination of discrimination against the rights of Blacks to form or belong to government registered unions, and acknowledge generally the right of Black workers to form their own union or be represented by trade unions where unions already exist.

#### PRINCIPLE III—EQUAL PAY FOR ALL EMPLOYES DOING EQUAL OR COMPARABLE WORK FOR THE SAME PERIOD OF TIME

Each signator of the Statement of Principles will proceed immediately to:

Design and implement a wage and salary administration plan which is applied equally to all employes regardless of race who are performing equal or comparable work.

Ensure an equitable system of job classifications, including a review of the distinction between hourly and salaried classifications.

Determine whether upgrading of personnel and/or jobs in the lower echelons is needed, and if so, implement programs to accomplish this objective expeditiously.

Assign equitable wage and salary ranges, the minimum of these to be well above the appropriate local minimum economic living level.

PRINCIPLE IV—INITIATION OF AND DEVELOPMENT OF TRAINING PROGRAMS THAT WILL PREPARE, IN SUBSTANTIAL NUMBERS, BLACKS AND OTHER NON-WHITES FOR SUPERVISORY, ADMINISTRATIVE, CLERICAL AND TECHNICAL JOBS

Each signator of the Statement of Principles will proceed immediately to:

Determine employe training needs and capabilities, and identify employes with potential for further advancement.

Take advantage of existing outside training resources and activities, such as exchange programs, technical colleges, vocational schools, continuation classes, supervisory courses and similar institutions or programs.

Support the development of outside training facilities individually or collectively, including technical centers, professional training exposure, correspondence and extension courses, as appropriate, for extensive training outreach.

Initiate and expand inside training programs and facilities.

PRINCIPLE V—INCREASING THE NUMBER OF BLACKS AND OTHER NON-WHITES IN MANAGEMENT AND SUPERVISORY POSITIONS

Each signator of the Statement of Principles will proceed immediately to:

Identify, actively recruit, train and develop a sufficient and significant number of Blacks and other non-whites to assure that as quickly as possible there will be appropriate representation of Blacks and other non-whites in the management group of each company.

Establish management development programs for Blacks and other non-whites, as appropriate, and improve existing programs and facilities for developing management skills of Blacks and other non-whites.

Identify andchannel high management potential Blacks and other non-white employes into management development programs.

PRINCIPLE VI—IMPROVING THE QUALITY OF EMPLOYES' LIVES OUTSIDE THE WORK ENVIRONMENT IN SUCH AREAS AS HOUSING, TRANSPORTATION, SCHOOLING, RECREATION AND HEALTH FACILITIES

Each signator of the Statement of Principles will proceed immediately to:

Evaluate existing and/or develop programs, as appropriate, to address the specific needs of Black and other non-white employes in the areas of housing, health care, transportation and recreation.

Evaluate methods for utilizing existing, expanded or newly established in-house medical facilities or other medical programs to improve medical care for all non-whites and their dependents.

Participate in the development of programs that address the educational needs of employes, their dependents and the local community. Both individual and collective programs should be considered, including such activities as literary education, business training, direct assistance to local schools, contributions and scholarships.

With all the foregoing in mind, it is the objective of the companies to involve and assist in the education and training of large and telling numbers of Blacks and other non-whites as quickly as possible. The ultimate impact of this effort is intended to be of massive proportion, reaching millions.

Mr. SOLARZ. In your testimony, Reverend Sullivan, you have indicated 135 American companies have signed up for your principles, and about 160 companies have not. I was under the impression there were 350 American firms doing business in South Africa, but your figures add up to 295. Have 55 companies gone out of business in South Africa in the last year or two?

Reverend SULLIVAN. No. I am using the companies provided by the State Department, a list of companies doing business in South Africa according to a State Department list.

In that testimony it should be stated that this number comes from a list supplied by the State Department.

Mr. SOLARZ. You said 135 companies have signed up.

Reverened SULLIVAN. As of now there are 137. Two have signed in the last 2 weeks.

Mr. SOLARZ. And 150——

Reverend SULLIVAN. 160 have not.

Mr. SOLARZ. And that is the total number of American firms doing business in South Africa on the list provided you?

Reverend SULLIVAN. That is according to the list I received from the State Department.

Mr. SOLARZ. Are you aware of any firms doing business there not on that list?

Reverend SULLIVAN. Those are the ones we deal with.

Mr. SOLARZ. Could you submit for the record the list of the 137 who have agreed to accept your principles?

Reverend SULLIVAN. I could. I would be happy to.

Mr. SOLARZ. And could we also have the 160 which have not?

Reverend SULLIVAN. You certainly can.

### INFORMATION OBTAINED FROM THE THIRD REPORT ON THE SIGNATORY COMPANIES TO THE SULLIVAN PRINCIPLES, OCTOBER 15, 1979

(Prepared by Arthur D. Little, Inc.)*

*Current Sullivan signatories*

| | |
|---|---|
| U.S. signatories, Mar. 31, 1979 | 116 |
| New signatories, Oct. 15, 1979 | 20 |
| Company (Bendix) ceased operations in South Africa | −1 |
| Subsidiary previously listed as signatory | −1 |
| European signatory | 1 |
| Current signatories | 135 |

*Signatory company distribution (third report)***

| | |
|---|---|
| Category I, making good progress | 22 |
| Category II, making acceptable progress | 62 |
| Category III, need to become more active | 9 |
| Category IV, inadequate report | 2 |
| Category V, submitting first report | 8 |
| Category VI, endorsers | 10 |
| Category VII, new signatories (joined too late to report) | 17 |
| Category VIII, signatories who did not report | 8 |
| Category IX, signatories headquartered outside the U.S | 1 |
| Companies in 2 categories | −4 |
| Current signatories | 135 |
| Category X, U.S. businesses who are not Sullivan signatories | 164 |

*The African Subcommittee has been informed that the following companies have since signed the Sullivan Code: Coca-Cola Co., Loctite Corp., The Black and Decker Co., Bell and Howell Co.

**Note that Category II, the "Making Acceptable Progress" group, was previously classified as Category I. This does not imply a demotion for the "Making Acceptable Progress" companies.

The following companies are subsidiaries of companies that are signatories since October 15, 1979: Gilbert and Baker Mfg. Co., Joy Manufacturing Co., Technicon Corp., Western Airlines, Inc.

### CATEGORY I. MAKING GOOD PROGRESS*

- Caltex Petroleum Corp.:
  - Caltex Oil (S.A.) (Pty) Ltd.
- The Chase Manhattan Bank:
  - Chase Manhattan Overseas Corp.
- Citibank:
  - Citibank N.A. Ltd.
- Colgate-Palmolive Co.:
  - Colgate-Palmolive Ltd.
  - Helena Rubinstein (S.A.)
- Control Data Corporation:
  - Control Data Ltd. S.A.
- Deere & Co.:
  - John Deere (Pty) Ltd.
- Eastman-Kodak Co.:
  - Kodak (S.A.) (Pty) Ltd.
- Envirotech Corp.:
  - Envirotech (Pty) Ltd.
  - Eimco S.A.
- Exxon Corp.:
  - Esso Standard S.A. (Pty) Ltd.
  - Gilbarco South Africa (Pty) Ltd.
  - Esso Minerals Africa Inc.
  - Esso Chemical (Pty) Ltd.
- Ford Motor Co.:
  - Ford Motor Co. (S.A.) Ltd.
- Franklin Electric:
  - Franklin Electric S.A. (Pty) Ltd.
- Hewlett-Packard Co.:
  - Hewlett Packard S.A. (Pty) Ltd.
- IBM Corp.:
  - IBM South Africa
- Eli Lilly & Co.:
  - Lilly Laboratories (S.A.) (Pty) Ltd.
- Merck & Co. Inc.:
  - M.S.D. (Pty) Ltd.
  - Riker Laboratory Africa (Pty) Ltd.
- Mobil Oil Corp.:
  - Mobil Oil Southern Africa (Pty) Ltd.
  - Mobil Refining Co. (S.A.) (Pty) Ltd.
  - Vialit (Proprietary) Ltd.
  - Socony (S.A.) (Pty) Ltd.
  - Condor Oil (Pty) Ltd.
  - Westchester Insurance Co. (Pty) Ltd.
  - S.A. Oil Refinery (Pty) Ltd.
- Minnesota Mining & Mfg. Co.:
  - 3M S.A. (Pty) Ltd.
  - Etkinds Management Service (Pty) Ltd.
- NCR Corp.:
  - NCR Corp. of S.A. (Pty) Ltd.
- Norton Simon, Inc.:
  - Avis
- Schering-Plough Corp.:
  - Scherag (Pty) Ltd.
- Sperry Corp.:
  - Sperry Rand S.A. (Pty) Ltd.
  - Sperry Univac
  - Sperry Vickers
- Union Carbide Corp.:
  - Union Carbide Africa & Middle East
  - EMSA

### CATEGORY II. MAKING ACCEPTABLE PROGRESS

- Abbott Laboratories:
  - Abbott Laboratories S.A. (Pty) Ltd.
- American Cyanamid Co.:
  - S. A. Cyanamid (Pty) Ltd.
  - Lederle Laboratories (Pty) Ltd.
  - Shulton Africa Ltd.
  - Laminated Industries (Pty) Ltd.
- American Express Co.:
  - American Express International, Inc.
- American Home Products Corp.:
  - Ayerst Laboratories (Pty) Ltd.
  - Prestige Group South Africa (Pty) Ltd.
  - Whitehall Products S.A. (Pty)
  - Wyeth Laboratories (Pty) Ltd.
- American Hospital Supply Corp.:
  - AHSC/South Africa
- Armco Steel Corp.:
  - Armco (Pty) Ltd.
- Borden, Inc.:
  - Borden (Pty) Ltd.
  - Babelegi Processing (Pty) Ltd.
  - Resinite (S.A.) (Pty) Ltd.
  - D.P.M.C. (Pty) Ltd.
- Burroughs Corp.:
  - Burroughs Machines Ltd.
- Caterpillar Tractor Co.:
  - Caterpillar (Africa) (Pty) Ltd.
- Champion Spark Plug Co.:
  - Champion Spark Plug Co. of South Africa, (Pty) Ltd.

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*Throughout these listings the first line shows the U.S. Signatory corporation and the line(s) below each corporation indicate its South African subsidiaries.

### CATEGORY II. MAKING ACCEPTABLE PROGRESS—Continued

- Colgate-Palmolive Co.:
  - The Kendall Co. of S.A. (Pty) Ltd.
  - S. Wainstein & Co.
- CPC International:
  - Corn Products Co. (S.A.) (Pty) Ltd.
- Dart Industries, Inc.:
  - Dart Industries (Pty) Ltd.
- Deloitte, Haskins, & Sells:
  - Deloitte, Haskins & Sells (South Africa)
- Del Monte Corp.:
  - South African Preserving Co. (Pty) Ltd. Tulback
- Donaldson Co., Inc.:
  - Donaldson Aircleaners, Johannesburg Donaldson Aircleaners, Cape Town
- ESB Ray-O-Vac:
  - Williard Africa (Pty) Ltd.
- Firestone Tire & Rubber Co.:
  - Firestone S.A. (Pty Ltd.
- FMC Corp.:
  - FMC South Africa (Pty) Ltd.
- General Electric:
  - South African General Electric Co. (Pty) Ltd.
- General Motors Corp.:
  - GMSA (Pty) Ltd.
  - GMAC (S.A.) (Pty) Ltd.
- The Gillette Co.:
  - Gillette South Africa Ltd.
- Goodyear International Corp.:
  - Goodyear Tire & Rubber Co. (S.A.) (Pty) Ltd.
  - The Kelly Springfield Tire Co.
- W.R. Grave & Co.:
  - W.R. Grace (Pty) Ltd.
- Heublein, Inc.:
  - Kentucky Fried Chicken (S.A.) (Pty) Ltd.
- Honeywell Inc.:
  - Honeywell Automatic (Pty) Ltd.
- Hoover Co.:
- INA Corp.:
  - INA Insurance Co. Ltd.
- Johnson & Johnson:
  - Johnson & Johnson (Pty) Ltd.
  - Ethnor (Pty) Ltd.
- Kellogg Co.:
  - Kellogg Co. of S.A. (Pty) Ltd.
- Kennecott Copper Corp.:
  - Tisand (Pty) Ltd.
  - Richards Bay Iron & Titanium (Pty) Ltd.
  - Carborundum
- Eli Lilly & Co.:
  - Elizabeth Aden (S.A.) (Pty) Ltd.
- Masonite Corp.:[3]
  - Masonite (Africa) Ltd.
  - Magnolia Plantations (Pty) Ltd.
- McGraw-Hill Inc.:
  - McGraw-Hill Book Co. (S.A.) (Pty)
- Merck & Co., Inc.:[3]
  - Baltimore Aircoil Co. S.A. (Pty) Ltd.
- Monsanto Co.:
  - Monsanto South Africa (Pty) Ltd. (MOSAF)
- Motorola Inc.:
  - Motorola S.A. (Pty) Ltd.
- The Nalco Chemical Co.:
  - Anikem (Pty) Ltd.
- A. C. Nielsen International, Inc.:
  - A. C. Nielsen Company (Pty) Ltd.
- Olin Corp.:
  - Lion Chemicals Pty. Ltd.
  - Aquachlor Pty. Ltd.
- Otis Elevator Co.:
  - Otis Elevator Co. Ltd.
- The Parker Pen Co.:[3]
  - The Parker Pen (Pty) Ltd.-R.S.A.
- Pfizer, Inc.:
  - Pfizer (Pty) Ltd.
  - Pfizer Laboratories (Pty) Ltd.
- Phillips Chemical Co.:
  - Phillips Carbon Black (Pty) Ltd.
- Reader's Digest Association, Inc.:
  - The Reader's Digest Association South Africa (Pty) Ltd.
- Rexnord, Inc.:
  - Nordberg Mfg. Co. (S.A.) (Pty) Ltd.
- Richardson-Merrell, Inc.:
  - R. M. Pharmaceuticals (Pty) Limited S.A.
- Rohm & Haas Co.:
  - Rohm & Haas (S.A. (Pty) Ltd.
- Simplicity Pattern Co., Inc.:
  - Simplicity Patterns (S.A.) (Pty) Ltd.
- The Singer Co.:
  - Singer S.A. (Pty) Ltd.
- Smith Kline:
  - Smith Kline & French (Pty) Ltd.
- Squibb Corp.:
  - Squibb Laboratories (Pty) Ltd.
  - Beech-Nut Life Savers Ltd.
  - SkyChef (Pty) Ltd.
- Sterling Drug Inc.:
  - Sterling Drug S.A. (Pty) Ltd.
- The Trane Co.:
  - Trane Southern Africa (Pty) Ltd.
- TRW, Inc.:
- Union Carbide Corp.:
  - Union Carbide Africa & Middle East Inc.
  - UCAR Minerals Corp.
  - UCAR Chrome Corp.
  - Union Carbide South Africa (Pty) Ltd.
  - Tubatse Ferrochrome (Pty) Ltd.

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See footnotes at end of table.

### CATEGORY II. MAKING ACCEPTABLE PROGRESS—Continued

- Uniroyal, Inc.:
  - Uniroyal (Pty) Ltd.
- The Upjohn Co.:
  - Upjohn (Pty) Ltd.
  - Asgrow Seed Co.
- Warner-Lambert Co.:
  - Chamberlain's (Pty) Ltd.
  - Parke-Davis Laboratories (Pty) Ltd.
- Westinghouse Electric Corp.:
  - Ottermill S.A. (Pty) Ltd.
- Wilbur-Ellis Co.:
  - Wilbur-Ellis Co. (Pty) Ltd.
- Xerox Corp.:
  - Rank Xerox (Pty) Ltd.

### CATEGORY III. NEEDS TO BECOME MORE ACTIVE

- AFIA Worldwide Insurance:
  - Monarch South Africa Insurance Co. Ltd.
- Butterick Fashion Marketing Co.:
  - Butterick Fashion Marketing Co., S.A. (Pty) Ltd.
- Carnation Co.:
  - Carnation Foods (Pty) Ltd.
- Federal-Mogul Corp.:
  - Femo (Pty) Ltd.
- Ferro Corp.:
  - Ferro Industrial Products (Pty) Ltd.
- International Harvester Co.:
  - International Harvester Co. of S.A.
  - Soilmaster Limited
- International Minerals & Chemicals Corp.:
  - Lavino South Africa (Pty) Ltd.
- The Interpublic Group of Companies, Inc.:
  - Metropolitan Advertising Co. (Pty) Ltd.
  - Cambell-Ewald (Pty) Ltd.
  - McCann-Erickson S.A. (Pty) Ltd.
- Tampax, Inc.
  - Tampax S.A. (Pty) Ltd.

### CATEGORY IV. INADEQUATE REPORT

- Pan American World Airways Inc.
- Englehard Minerals & Chemicals Corp.

### CATEGORY V. SUBMITTING FIRST REPORT

- American International Group
  - American International Insurance Company Ltd.
- Automated Building Components, Inc.:
  - Automated Building Components S.A. (Pty) Ltd.
- Borg-Warner Corp.:
  - Borg-Warner-Axle Division
  - Borg-Warner-Parts & Service Division
- Bristol-Myers Co.:
  - B-M Group (Pty) Ltd.
- Celanese Corp.:
  - Stein Hall S.A. (Pty) Ltd.
- Measurex Corp.:
  - Measurex S.A. (Pty) Ltd.
- Nashua Corp.
- Sentry Insurance Mutual Co. (U.S.):
  - Permanent Life-Assurance Company-S.A.

### CATEGORY VI. ENDORSERS

(With no employees)

- Bethlehem Steel Corp.
- Bulova Watch Co., Inc.
- Walter E. Heller Overseas Corp.
- Nabisco Inc.
- Oshkosh Truck Corp.
- Rockwell International Corp.
- White Motor Corp.

(Chose not to report because of small number of employees)

- Twin Disk (8 employees)
- E.I. DuPont De Nemours & Co. (3 employees)
- Cummins Engine Co., Inc. (5 employees)

### CATEGORY VII. NEW SIGNATORIES

- The Badger Co., Inc.
- Dow Chemical Co.[11]
- Farrell Lines, Inc.[5]
- John Fluke Manufacturing Co., Inc.
- Fluor, Inc.
- Grolier, Inc.
- GAF Corp.
- The Gates Rubber Co.
- J. Gerber & Co.[5]
- Hyster Co.
- Johnson Control International, Inc.
- Mine Safety Appliances Co.
- North Carolina National Bank
- Pennwalt Corporation
- Coca-Cola Co.
- Loctite Corp.
- The Black & Decker Manufacturing Co.
- Bell & Howell Co.
- International Standard Brand, Inc.
- J. Walter Thompson
- Tokeheim Corp.

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See footnotes at end of table.

### CATEGORY VIII. SIGNATORIES WHO DID NOT REPORT

**Bundy Corp.**
**Crown Cork & Seal Co., Inc.**
**Cutler-Hammer, Inc.**
**Gardner-Denver Co.**
**ITT**
**Norton Co.**
**Phelps Dodge Corp.**
**Revlon**
**Schering-Plough Corp.[3]**
**Scholl Co.[10]**

### CATEGORY IX. SIGNATORY HEADQUARTERED OUTSIDE THE U.S.

**The East Asiatic Co. (S.A.) Pty) Ltd.[4]**

### GENERAL, JOHANNESBURG) WHO ARE NOT SIGNATORIES TO THE SULLIVAN PRINCIPLES
### CATEGORY X. U.S. BUSINESSES IN SOUTH AFRICA (ACCORDING TO AMERICAN CONSULATE

**ABS Worldwide Technical Services, Inc.**
**Addressograph-Multigraph Corp.**
**Air Express International Corp.**
**Alcon Universal Ltd.**
**Allegheny Ludlum Industries, Inc.**
**Allis Chalmers Corp.**
**Allied Kilite Chemicals, Inc.**
**A.M. International, Inc.**
**American Air Filter Co., Inc.**
**Amchem Products, Inc.[6]**
**American Airlines**
**American Broadcasting Co.**
**American Bureau of Shipping**
**Amrho International SA[6]**
**Anderson Clayton & Co.[7]**
**Applied Power, Inc.**
**Arthur Andersen & Co.**
**Arthur Young & Co.**
**Associated Metals & Minerals Corp.**
**The Associated Press**
**Balkinds Agencies[8] Pty. Ltd.**
**Bausch & Lomb, Inc.**
**Baxter Laboratories, Inc.**
**BBDO International, Inc.**
**Bechtel Corp.**
**Beckman Instruments, Inc.**
**Bell & Howell Co.**
**Berkshire International Corp.**
**Black Clawson Overseas**
**The Black & Decker Manufacturing Co.**
**Blue Bell, Inc.**
**The Boeing Co.**
**Buckman Laboratories, Inc.**
**Bucyrus-Erie Co.**
**Carrier Corp.**
**Cascade Corp.**
**J.I. Case International**
**CBS International, Inc.**
**CBS News**
**Chesebrough-Pond's Inc.**
**Chicago Bridge & Iron Co.**
**Chicago Pneumatic Tool Co.**
**Christian Science Monitor**
**Chrysler Corp.**
**Cinema International Corp. N.V.[6]**
**Clark Intl.**
**Coca-Cola Co.**
**Columbus McKinnon Corp.**
**Computer Sciences Corp.**
**Continental Grain Co.**
**Dames & Moore**
**D'Arcy-MacManus & Masius Worldwide, Inc.**
**DHJ Industries, Inc.**
**Diners Club, Inc.**
**Diversey Corp.**
**Dow Corning Corp.**
**Dresser Industries, Inc.**
**Dubois International[7]**
**Dun & Bradstreet International Ltd.**
**Eaton Corp.**
**Echlin Manufacturing Co.**
**Express Sudamericana Consolidadus S.A.[6]**
**Fenix & Scisson, Inc.**
**First National Bank of Boston[7]**
**Foster Wheeler Corp.**
**Fuller Company/GATX**
**Gamlen Chemical Corp.**
**General Tire & Rubber Co.**
**Geosource, Inc.**
**Gilbert & Baker Mfg. Co.**
**Harnischfeger Corp.**
**Harper Robinson, Inc.**
**Heinemann Electric Co.**
**Hussman International, Inc.[7]**
**IMS International, Inc.**
**Ingersoll-Rand Co.**
**International Flavors & Fragrances, Inc.**
**International Playtex, Inc.**
**S. C. Johnson & Son, Inc.**
**Joy Manufacturing Co.**
**Kimberly-Clark Corp.**
**Koehring Co.**
**L & M Radiator, Inc.**
**Leco Corp.**
**Loctite Corp.**
**The Los Angeles Times**
**Lubrizol Corp.**
**Lykes Brothers Steamship Co., Inc.**
**M & T Chemicals, Inc.**
**Macmillan, Inc.**
**Mallory International**
**Maremont Corp.**
**Marriott Corp.**
**Max Factor & Co.**
**MDS Executive Headquarters**

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**See footnotes at end of table.**

CATEGORY X. U.S. BUSINESSES IN SOUTH AFRICA (ACCORDING TO AMERICAN CONSULATE GENERAL, JOHANNESBURG) WHO ARE NOT SIGNATORIES TO THE SULLIVAN PRINCIPLES—Continued

**Memorex Corp.**
**Metro-Goldwyn Mayer International, Inc.**
**George J. Meyer Manufacturing**
**Miles Laboratories, Inc.**
**Moore McCormack Lines, Inc.**
**Muller & Phipps International Corp.**
**National Broadcasting Co.**
**National Chemsearch Corp.**
**National Standard Co.**
**National Starch & Chemical Corp.**
**National Utility Service, Inc.**
**Newmont Mining Corp.**
**Newsweek, Inc.**
**The New York Times**
**Oak Technology, Inc.**
**Owens-Corning Fiberglas Corp.**
**Pacific Oilseeds, Inc.**
**Parker Hannifin Corp.**
**Pepsico International Purchase**
**Perkin-Elmer Corp.**
**C. J. Petrow & Co.**[8]
**PHH Group Inc.**
**Pizza Inn**
**Precision Valve Corp.**
**Preformed Line Products Co.**
**Preload Engineering Corp.**
**Premix Asphalt Co.**[8]
**Price Waterhouse & Co.**[7]
**Ramsey Engineering Co.**
**Reed Mining Tool, Inc.**
**Rheem International, Inc.**
**Robbin Co.**
**H. H. Robertson Co.**
**A. H. Robins Co., Inc.**
**Charles St. Thomas Group**
**G. D. Searle Co.**
**Sedco, Inc.**
**Sperry Remington**[7]
**Standard Pressed Steel Co.**
**The Stanley Works**
**Stauffer Chemical Co.**
**Stratoflex (Pty) Ltd.**
**Sybron Corp.**
**Tantatex Chemicals Corp.**
**Technicon Corp.**
**Tedd McKune Investment Co. (Pty) Ltd.**
**Tenneco International, Inc.**
**Texas Gulf, Inc.**
**Time, Inc.**
**Timken Co.**
**Trans World Airlines, Inc.**
**20th Century-Fox International Corp.**
**United Artists Corp.**
**United States Filter Corp.**
**UUnited States Gypsum Co.**
**United States Industries**
**U.S. News & World Report**
**U.S. Steel Corp.**[9]
**UPI, Inc.**
**Utah International, Inc.**
**Valeron Corp.**
**Valvoline Oil Co.**
**Van Dusen Air, Inc.**
**Warner Brothers International, Inc.**
**The Washington Post Co.**
**West Point Pepperell**
**Western Airlines, Inc.**
**Western International Hotel**
**Whinney Murray Ernst & Ernst**

FOOTNOTES

[1] Company also appears in Category II.
[2] Company also appears in Category I.
[3] Reporting for two or more locations in a single report has precluded our complete analysis of all reporting units for this Signatory Company.
[4] Foreign-based company who reports annually with an independent report that was judged favorably.
[5] Endorser (with no employees).
[6] Company also appears in Category VIII.
[7] Company indicates that they have no operations in South Africa.
[8] Overseas companies whose U.S. parent company is not indicated on the State Department list.
[9] Company anticipates the sale of its South African subsidiary.
[10] Signatory intends to account for this subsidiary in the next report.
[11] Signatory as part of company's principles which apply to all races, religions, and countries throughout the world.

Mr. SOLARZ. Thank you very much.

Now, when did you first promulgate the principles? In what year?

Reverend SULLIVAN. Really, it took me about a year and a half to build the plan in my mind because I moved step by step, cybernetically, and in phases. The initiation of the principles as publicly presented in March 1977 represented a first phase in this nonviolent effort. That is what I called the phase of initiation.

The next phase was amplification. That was the amplifying of those first six principles. Now I am in the period of concentration, and there are about two or three more phases ahead that nobody knows about.

Mr. **Solarz.** What I am trying to get at is the time you first went public with the principles and began to ask companies to accept them. When was this?

Reverend **Sullivan.** March 1977.

Mr. **Solarz.** March of 1977. Now, in the first year how many companies signed on?

Reverend **Sullivan.** Twelve. Before the end of 1977 a total of 29 companies signed, and then schools began to become active, such as Oberlin, the University of Minnesota and others. There were stockholder pressures on companies that had told me they would not sign. And a result of the stockholder pressures, as much as anything else, companies began to sign up. Now there are 137 signatory companies.

Mr. **Solarz.** My impression when you testified 2 years ago before the subcommittee was that the number of firms which had signed on was in the vicinity of 130.

Reverend **Sullivan.** No, sir, it was not. It was around 113 or something like that.

Mr. **Solarz.** So in the last 2 years, then, you have had another 20 or 25 firms sign on.

Reverend **Sullivan.** I have that testimony here. I could give you the exact number. But within the last year, about 20 or 30 have signed.

Mr. **Solarz.** Have any of the firms which signed the principles dropped out? In other words, have any of them changed their minds and repudiated the principles?

Reverend **Sullivan.** No, none has dropped out. I think there have been several which have discontinued their operations in South Africa.

Mr. **Solarz.** But no firm still doing business in South Africa which originally accepted the principles has rejected them?

Reverend **Sullivan.** They are threatening now.

Mr. **Solarz.** Why?

Reverend **Sullivan.** Because I am getting more intense. I am not satisfied.

Mr. **Solarz.** You promulgated a revised set of principles, I think, about a year ago which was somewhat more comprehensive and a little bit stricter. Did every one of the firms that accepted the original principles accept the revised principles?

Reverend **Sullivan.** Yes, as far as I know, they accepted them. They are expected to abide by them.

Mr. **Solarz.** What was the act of acceptance? Did a firm have to send you a letter saying we accept the revised principles?

Reverend **Sullivan.** No, there was no letter required except in the revised version. The revised version was established within a process of meeting with representatives of companies and task groups in assemblies, where I discussed with them what our next steps must be, and a consensus developed that became a part of the amplified guidelines.

Mr. **Solarz.** How do you know these firms have accepted the revised guidelines?

**Reverend Sullivan.** The understanding with the companies and myself is that the acceptance of the amplified guidelines is a part of the program.

**Mr. Solarz.** Now, 160 firms still have not accepted, and I gather you have been in contact with those firms. I assume the fact that they have not signed up is not due to any lack of effort on your part.

**Reverend Sullivan.** I have sent letters, communications to all the other companies, one way or another, and as yet they have not signed the principles for one reason or another. By 1978 there were 103 signatories.

**Mr. Solarz.** Do you have much hope that the 160 who have not signed up will, or do you think you have more or less reached the maximum number of firms you can get on a voluntary basis?

**Reverend Sullivan.** I think I have reached about the maximum number I can get on the voluntary basis, and that is the reason in my testimony that I urged the Government to help me.

**Mr. Solarz.** Why is that so? Why have these 160 firms refused to sign up? Do they give you reasons?

**Reverend Sullivan.** A number of reasons. One—and I do not have the letters before me—in my thinking, they do not feel it is the role of the companies to get involved in the business of another government; that this is not their purview; leave them alone; a private individual cannot tell a company what to do; a variety of reasons.

**Mr. Solarz.** All right.

There are about 70,000 workers who are employed by American firms doing business in South Africa; is that correct?

**Reverend Sullivan.** I understand approximately 70,000.

**Mr. Solarz.** How many of those 70,000 work for the 137 firms?

**Reverend Sullivan.** About 80 percent.

**Mr. Solarz.** About 56,000?

**Reverend Sullivan.** Yes. The large majority of the black workers work for the 137 companies which have joined.

**Mr. Solarz.** Are there any really large firms who have not signed up, or are they all pretty small?

**Reverend Sullivan.** No, there are several large ones, although I would rather not give the names right now. One of them just signed up last week.

**Mr. Solarz.** Which one was that?

**Reverend Sullivan.** Coca-Cola. [General laughter.]

**Mr. Solarz.** I might say, having been to Zimbabwe for the independence——

**Reverend Sullivan.** You can use your imagination of several others in that field who have not signed.

**Mr. Solarz.** Having been to Zimbabwe for the independence day ceremonies, I must say that one of the most visible changes produced by the end of the war and the end of sanctions and the establishment of majority rule are "Drink Coke" signs all over Salisbury. [General laughter.]

Do any of the principles require firms to violate South African law?

**Reverend Sullivan.** Well, Mr. Solarz, when I initiated the principles, I intended, really, for them to change the customs, the practices, and the apartheid laws. The apartheid laws are the core of what I am personally aiming at.

Mr. **Solarz**. Does the actual implementation of any of your principles require a firm to violate existing South African law, or are the principles compatible with existing law?

Reverend **Sullivan**. It appears that when the principles were implemented, that where there were laws that seemed to be obstructions, the laws changed. As an example the Wiehahn commission stated that some laws have changed as a result of the principles as implemented by companies.

Mr. **Solarz**. Can any of your gentlemen respond to this question? Are there any specific principles or obligations in the Sullivan code which require a company, if that principle is to be implemented, to violate an existing South African law?

Mr. **Broderick**. I believe that the specific requirements of law regarding signs on comfort facilities were, until the report of the Wiehahn commission was implemented, a legal requirement which the Government chose not to try to enforce.

Mr. **Solarz**. But as of today.

Mr. **Broderick**. As of today, to my knowledge we are not, in implementing these principles, violating the law.

Mr. **Solarz**. So that if, for example, the implementation of the Sullivan code were made mandatory it would not require, as of today, any American firm doing business in South Africa to violate South African law.

Mr. **Broderick**. I think a different issue is raised. And I am speaking as a nonlawyer; I am not speaking with any great expertise. That is, the issue of extraterritorial application of U.S. laws is distinct from whether or not we are being placed in violation of any South African laws.

Mr. **Solarz**. That does raise some curious questions; although I am sure you know the Congress has already addressed precisely that question in enacting various antibribery laws and antiboycott laws. We have established the principle that we can extend the reach of American law to American firms doing business overseas.

Mr. Bingham, of course, is the leading expert on our committee on that question. But I want to establish that, as of today, the legislative requirement that the Sullivan code be implemented would not put any American firm, as of today, in the position of either having to obey American law or violate South African law because there is nothing in the Sullivan code which requires the violation of South African laws.

Mr. Myers.

Mr. **Myers**. It could require them to violate the Environment Planning Act, which places restrictions on the numbers of blacks you can hire in the Port Elizabeth area. Since the Port Elizabeth area is in what is considered a colored preference area, there is a limit to the number of blacks you can hire in that area as long as there is a 2-percent unemployment rate of coloreds.

Similarly, there is a quota system in the Johannesburg area under the Environment Planning Act. For every African you are going to hire, you have to have so many whites working in the company. There have been exemptions traditionally granted under this law in response to requests by countries, but it could conceivably require a company to violate the law.

Chairman SOLARZ. Mr. Myers, is the EEC code mandatory or voluntary?

Mr. MYERS. Voluntary.

Mr. SOLARZ. Are there any other codes besides the EEC code and the Sullivan code which have been promulgated by foreign companies?

Mr. MYERS. There is a Canadian code, a Swedish code, a code developed by the Urban Foundation and the South African Consultative Committee of Employers.

Mr. SOLARZ. Are the Canadian or Swedish codes mandatory?

Mr. MYERS. No; none of them are mandatory.

Mr. SOLARZ. For the record, do you have copies of those codes?

Mr. MYERS. I do.

Mr. SOLARZ. Could you give them to me for the record? Why don't we submit copies of all of the other codes which have been promulgated.

[The material referred to follows:]

## European Economic Community Code of Conduct for Companies with Interests in South Africa

*1. Relations within the Undertaking*

*a.* Companies should ensure that all their employees irrespective of racial or other distinction are allowed to choose freely and without any hindrance the type of organisation to represent them.

*b.* Employers should regularly and unequivocally inform their employees that consultations and collective bargaining with organisations which are freely elected and representative of employees are part of company policy.

*c.* Should Black African employees decide that their representative body should be in the form of a trade union, the company should accept this decision. Trade unions for Black Africans are not illegal, and companies are free to recognise them, and to negotiate and conclude agreements with them.

*d.* Consequently, the companies should allow collective bargaining with organisations freely chosen by the workers to develop in accordance with internationally accepted principles.

*e.* Employers should do everything possible to ensure that Black African employees are free to form or to join a trade union. Steps should be taken in particular to permit trade union officials to explain to employees the aims of trade unions and the advantages of membership, to distribute trade union documentation and display trade union notices on the company's premises, to have reasonable time off to carry out their union duties without loss of pay and to organise meetings.

*f.* Where works or liaison committees already operate, trade union officials should have representative status on these bodies if employees so wish. However, the existence of these types of committees should not prejudice the development or status of trade unions or of their representatives.

*2. Migrant Labour*

*a.* The system of migrant labour is, in South Africa, an instrument of the policy of apartheid which has the effect of preventing the individual from seeking and obtaining a job of his choice: it also causes grave social and family problems.

*b.* Employers have the social responsibility to contribute towards ensuring freedom of movement for Black African workers and their families.

*c.* In the meantime, employers should make it their concern to alleviate as much as possible the effects of the existing system.

*3. Pay*

Companies should assume a special responsibility as regards the pay and conditions of employment of their Black African employees. They should formulate specific policies aimed at improving their terms of employment. Pay based on the absolute minimum necessary for a family to survive cannot be considered as being sufficient. The minimum wage should initially exceed by at least 50 per cent the minimum level required to satisfy the basic needs of an employee and his family.

*4. Wage Structure and Black African Advancement*

*a.* The principle of equal pay for equal work means that all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction, and that wages should be based on a qualitative job evaluation.

*b.* The same pay scales should be applied to the same work. The adoption of the principle of equal pay would, however, be meaningless if Black African employees were kept in inferior jobs. Employers should therefore draw up an appropriate range of training schemes of a suitable standard to provide training for their Black African employees, and should reduce their dependence on immigrant White labour.

*5. Fringe Benefits*

*a.* In view of their social responsibilities, undertakings should concern themselves with the living conditions of their employees and families.

*b.* For this purpose company funds could be set aside for use

- in the housing of Black African personnel and their families;
- in transport from place of residence to place of work and back;
- in providing leisure and health service facilities;
- in providing their employees with assistance in problems they encounter with the authorities over their movement from one place to another, their choice of residence and their employment;
- in pension matters;
- in educational matters;
- in improving medical services, in adopting programmes of insurance against industrial accidents and unemployment, and in other measures of social welfare.

*6. Desegregation at Places of Work*

In so far as it lies within their own competence, employers should do everything possible to abolish any practice of segregation, notably at the workplace and in canteens, sports activities, education and training. They should also ensure equal working conditions for all their staff.

*7. Reports on the Implementation of the Code of Conduct*

*a.* Parent companies to which this Code is addressed should publish each year a detailed and fully documented report on the progress made in applying this Code.

*b.* The number of Black Africans employed in the undertaking should be specified in the report, and progress in each of the six areas indicated above should be fully covered.

*c.* The Governments of the Nine will review annually progress made in implementing this Code. To this end a copy of each company's report should be submitted to their national government.

## Code of practice
## regarding Swedish business operations in South Africa issued by the Federation of Swedish Industries

International attention has been focused on South Africa for many years. The United Nations and many of its member nations individually have tried to influence South African policies.

The international business community has been asked to contribute in these efforts. Substantial efforts are already made by South African industry to improve the situation for its African employees. Swedish industry feels strongly its share of responsibility as a member of the international business community and supports those new tendencies within South African industry which are in line with the management policies of Swedish industry. Swedish industry is convinced that there are possibilities for substantial economic improvement for Africans in South Africa and that concrete results can and must be achieved within the existing legal and political framework. Although Swedish business interests in South Africa account for only a few thousand employees and thus have only a very limited effect on conditions in South Africa, Swedish industry is prepared to make forceful efforts to improve the situation within its sphere of influence.

All Swedish industrial activities in South Africa are organized as South African companies. Some are wholly owned by Swedish firms, some have Swedish majority interests and others have only a minority interest. Almost all of their employees are South Africans. These companies are governed, of course, by South African law and regulations.

Swedish industry is aware, however, that by setting good examples it can play at least a small role in creating equal opportunities and better living conditions for all races in South Africa. Such steps can, it goes without saying, be more successful when implemented in co-operation with employees of all groups.

## Labour-management relations

Although the industrial environment differs greatly from one country to another, Swedish companies operating in South Africa should utilize their international experience, particularly in the field of labour-management relations.

Manufacturing should be organized, equipped and managed so that Africans find wider opportunities so as to enter more qualified jobs and consequently obtain higher wages. Companies with Swedish interests, operating in South Africa, are generally of modest size, highly specialized and capital intensive rather than labour intensive. These factors naturally limit the prospects for extensive programmes but nevertheless offer opportunities for individual specialization in technical skills.

Swedish industry regards organized labour as a natural feature of industrial life. In the absence of unions in South Africa effectively representing Africans, companies with Swedish interests should establish and maintain effective channels of communication so that works committees and other responsible representatives of African employees can regularly consult with management on wages and other employment conditions as is already the case among several companies with Swedish interests.

Recent enquiries indicate that, in general, companies with Swedish interests pay their African employees no worse than other industrial companies, although this is in itself, not an acceptable yard-stick of industrial performance. Some companies have, however, recently introduced schemes for acceleration of wage increases.

South Africa has a complex wage rate system with numerous detailed agreements and wage determinations. It would therefore not be practical to draft here a detailed set of recommendations for all Swedish activities in South Africa. It can be stated, though, that wage structures should follow the principle of job evaluation, regardless of race. Furthermore, these structures should be regularly reviewed. Wages that allow satisfactory living standards should be granted to all employees, and wage policies should aim at closing the current economic gap between Africans and Whites.

### Employment benefits

Industrial activity in South Africa calls for special consideration of African employees. Long ago companies with Swedish interests introduced and gradually expanded benefit programmes designed to improve the well-being of Africans. Further development of such programmes should be carried out regarding:

- pension schemes
- insurance schemes
- sick pay benefits
- in-company medical services
- nutritious meals at nominal rates
- travelling allowances

### Education and training

There is a great need for better education and training among Africans as a prerequisite for advancement into more skilled jobs. It should therefore be natural for companies in South Africa with Swedish interests to make particular efforts in the field of education and training of Africans. Through the years successful programmes have been developed and maintained which can be applied on a broader scale. In addition to such wider implementation of current programmes, new projects should also be tried and developed wherever feasible. It is recommended that programmes cover the following areas:

1. In-company training

Systematic training of African employees should be an integrated part of all industrial operations.

2. Industry-sponsored training centres etc.

Companies should participate actively in these newly launched schemes, designed to prepare Africans for more skilled jobs and higher positions.

3. Highschool and university-level education

Financial support has long been given to higher education of Africans by several companies with Swedish interests. This support should continue.

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It is understood that these measures will cost money and that to be meaningful they must gain the understanding and support of all employee-groups. But it is also strongly felt that Swedish industry must prove by action its sense of equal responsibility for all employees.

Swedish industry believes that industry in South Africa is all-important to that country's economic future and offers the best possible opportunities for advancement of Africans, economically and socially. Industrial investment including investment from abroad is thus regarded as an important factor in paving the way for a better life for Africans in South Africa.

## Code of Conduct Concerning the Employment Practices of Canadian Companies Operating in South Africa

In South Africa there are policies, legislation and practices based on the principle of racial discrimination which are repugnant to Canadians, and which the Canadian Government has condemned as contrary to internationally-accepted standards of human rights. Many Canadians are concerned about the extent to which companies identified with Canada are involved in South Africa in an economic system based on racial discrimination.

The Canadian Government has noted that a number of Canadian companies have already shown leadership in establishing programs to improve the working conditions of the non-white employees of their affiliates in South Africa. It strongly hopes that every Canadian company active in that country will promote employment practices which are based on the principle of equal treatment for all its employees, and which are consistent with basic human rights and the general economic welfare of all people in South Africa. While these objectives are applicable to all employees, they have particular relevance to the employment conditions of Black African workers. The Government believes that, by promoting the achievement of these objectives, Canadian companies will be able to make an important contribution towards improving the working conditions generally of Black and other non-White workers in South Africa.

The Government commends to Canadian companies the Declaration adopted unanimously in 1973 by the Executive Committee of the International Organization of Employers. Among its other provisions this declaration "appeals to the Republic of South Africa to fulfill its obligations in respect of human rights and to repeal its discriminatory legislation with the aim of giving equal rights and protection of those rights to all workers and in particular by guaranteeing:-

- equality of opportunity in respect of admission to employment and training;
- equality in conditions of work and respect for the principle of equal pay for equal work; and
- freedom of association and the right to organize and collective bargaining".

The Declaration also appeals "to all employers in South Africa to take urgent measures to promote the conditions necessary for acceptance of the well established standards in the field of human rights approved by the International Labour Organization". The Government believes Canadian companies should implement the above-mentioned principles of the Declaration of the International Organization of Employers, which were reaffirmed by the I.O.E. in June,1977.

Accordingly, it is the view of the Canadian Government that:

(1) General Working Conditions

-- in general companies should improve the overall work situation of Black employees to the fullest extent possible, and ensure that employment practices applicable to any group of workers are equally applicable to all workers.

(2) Collective Bargaining

-- companies should ensure that their employees are free to organize collective bargaining units that can effectively represent them, and undertake to engage in collective bargaining with such units in accordance with internationally-accepted principles. As companies are aware, under South African law Black trade unions are not "registered trade unions" officially empowered to negotiate industrial council agreements, but such organizations are not illegal. Companies should extend customary basic rights to such bargaining units, i.e. to organize for the purpose of negotiation, to solicit support among employees, to disseminate trade union information material, and to engage in other traditional trade union activities on company premises.

(3) Wages

-- companies shoud ameliorate the effects of job reservation and job classification system by implementing the principle of equal pay for equal work -- i.e. the staffing of and remuneration for a position should be based on the qualifications of an individual and not on his racial origin. They should also strive to provide remuneration sufficient to assist their Black employees in particular to achieve a standard of living significantly above the minimum level required to meet their basic needs. The Canadian Government endorses the widely accepted guideline that the minimum wage should initially exceed this minimum level by at least 50%.

(4) Fringe Benefits --

-- companies should provide to Black workers improved fringe benefits such as contributory medical and pension plans, disability insurance schemes, sick leave benefits, and annual vacations. Companies should ensure that any benefit available to one group of employees is available to all employees. The Canadian Government encourages companies to assist in providing for their staff adequate medical and health facilities for them and their families, transportation to and from their place of work, adequate housing, education for their children, and other social services such as legal assistance and unemployment insurance.

(5) Training and Promotion

-- companies should provide training programs and job opportunities to facilitate the movement of Blacks into semi-skilled and skilled positions and introduce Blacks to supervisory positions on an accelerated basis, rather than recruiting expatriate personnel.

(6) Race Relations

-- companies should, to the fullest extent possible, integrate their working, dining, recreational, educational and training facilities. Companies should seek the advice and assistance of such South African organizations as the Institute of Race Relations and the National Development and Management Foundation which have done extensive studies of the problem of worker productivity and efficiency and which can provide invaluable advice on ways to find solutions which can benefit both workers and companies.

The Canadian Government intends to follow developments closely. Canadian companies operating in South Africa should make annual public reports in sufficient detail to permit assessment of their progress in realizing the objectives of the Code of Conduct.

Issued April 28, 1978

## CODE OF EMPLOYMENT PRACTICE

**The Urban Foundation and SACCOLA (South African Employers Consultative Committee on Labour Affairs) -**

**believing that the opportunity for men and women to develop themselves to their fullest potential plays a basic role in the quality of their lives, and**

**knowing that free enterprise has a major contribution to make towards improving the quality of life of all people in South Africa, and**

**recognising progress already achieved in the matters dealt with below, recommends the adoption by all members of the private sector of a Code of Employment Practice whereby the subscriber is committed, within the evolving South African legal framework**

**1. TO STRIVE CONSTANTLY FOR THE ELIMINATION OF DISCRIMINATION BASED ON RACE OR COLOUR FROM ALL ASPECTS OF EMPLOYMENT PRACTICE:**

**and to apply this principle in good faith - with due regard to different job categories fairly determined on considerations other than race or colour - especially in the following respects:**

**1.1 The selection, employment, advancement and promotion of all employees;**

**1.2 the remuneration of employees**

**1.3 the provision of**

- **pensions, medical aid, leave, sick pay, employee insurance, assistance with housing, and like facilities**
- **physical working conditions and facilities relating thereto**
- **training programmes or facilities to improve the productivity and skills of employees to enable them to achieve advancement in technical, administrative and managerial positions**

1.4 **the recognition of the basic rights of workers of freedom of association, collective negotiation of agreements on conditions of service, the lawful witholding of labour as a result of industrial disputes, and protection against victimisation resulting from the exercise of these rights.**

**2. TO PROMOTE AND MAINTAIN, THROUGH CONTACT AND CONSULTATION SOUND AND HARMONIOUS RELATIONS BETWEEN EMPLOYERS AND ALL CATEGORIES OF EMPLOYEES**

**AND**

**3. TO CONTINUE TO CO-OPERATE WITH OTHER ORGANISATIONS IN THE PUBLIC AND THE PRIVATE SECTORS IN PROMOTING**

3.1 **the accelerated creation of employment opportunities for the South African population at wage rates aimed at the maintenance of viable living standards;**

3.2 **the progressive transition to a system wherein the rates of remuneration paid and any benefits relating to conditions of employment will be such as to render unnecessary any differential subsidy based on race or colour.**

## CODE OF ETHICS PROPOSED FOR FOREIGN INVESTORS IN SOUTH AFRICA BY THE S.A. COUNCIL OF CHURCHES

This code was proposed to the member churches by the Council's Division of Justice and Reconciliation in November 1977.

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1. Non-segregation of the races in all eating, comfort, and work facilities.

2. Equal and fair employment practices for all employees.

3. Equal pay for all employees at market rates doing equal or comparable work for the same period of time.

4. Initiation and development of training programs that will prepare blacks in substantial numbers for supervisory, administrative, clerical, and technical jobs.

5. Increasing the number of blacks in management and supervisory positions.

6. Improvement in the quality of employees' lives outside the work environment.

7. Immediate recognition of trade unions as a basis for future management of the labor negotiations.

8. Active encouragement being given to the establishment of such unions where they do not exist.

9. The introduction of labor-intensive manufacturing processes and/or distribution, as opposed to increasing mechanization.

10. The urgent appointment of labor advisors to open the way for multi-racial cooperation within companies.

11. The establishment of committees within various sectors of industry to share information and problem-solving techniques.

12. The introduction of a voluntary 2% self-tax on gross profits to be contributed to education for blacks.

SACC Code of Ethics (cont)

13. The locating of Black-initiated and -controlled projects, and giving these support and encouragement.

14. Refusing to use migrant labor unless married accomodation is provided.

15. The investment of a certain proportion of companies' portfolios in banking institutions which will utilize funds solely for the benefit of blacks.

16. Active reduction of foreign skilled workers, and their replacement with adequately trained blacks.

17. Refusing to invest in or assist projects connected with the manufacture of arms.

## CODE FOR THE INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

According to press reports from South Africa, the International Confederation of Free Trade Unions has published its own code of conduct for overseas companies operating in South Africa. No official report has yet been received giving details of this code, but the following are reported to be the ICFTU's code.

1. Companies investing in South Africa should recognize black trade unions and negotiate with them.

2. Equal pay for equal work

3. The introduction of a minimum effective level wage

4. The abolition of job reservation.

5. The provision of training facilities for black workers and black advancement into more qualified and better paid jobs.

6. The cessation of recruitment of overseas labor.

7. The elimination of apartheid in the work place, including the abolition of separate canteens and toilets.

8. The elimination in discrepancies in allowances and fringe benefits; company-provided legal assistance, medical aid schemes, and pensions for black workers.

## The Urban Foundation/SACCOLA Code

The Urban Foundation and SACCOLA:

- believing that the opportunity for men and women to develop themselves to their fullest potential plays a basic role in the quality of their lives, and
- knowing that free enterprise has a major contribution to make towards improving the quality of life of all people in South Africa, and
- recognising progress already achieved in the matters dealt with below, recommend the adoption by all members of the private sector of a *Code of Employment Practice* whereby the subscriber is committed, within the evolving South African legal framework:

*1. To strive constantly for the elimination of discrimination based on race or colour from all aspects of employment practice:* and to apply this principle in good faith — with due regard to different job categories fairly determined on considerations other than race or colour — especially in the following respects:

*a.* the selection, employment, advancement and promotion of all employees;

*b.* the remuneration of employees;

*c.* the provision of

- pensions, medical aid, leave, sick pay, employee insurance, assistance with housing and like facilities
- physical working conditions and facilities relating thereto
- training programmes or facilities to improve the productivity and skills of employees to enable them to achieve advancement in technical, administrative and managerial positions;

*d.* the recognition of the basic rights of workers of freedom of association, collective negotiation of agreements on conditions of service, the lawful withholding of labour as a result of industrial disputes and protection against victimisation resulting from the exercise of these rights.

*2. To promote and maintain, through contact and consultation sound and harmonious relations between employers and all categories of employees*

and

*3. To continue to co-operate with other organisations in the public and the private sectors in promoting:*

*a.* the accelerated creation of employment opportunities for the South African population at wage rates aimed at the maintenance of viable living standards;

*b.* the progressive transition to a system wherein the rates of remuneration paid and any benefits relating to conditions of employment will be such as to render unnecessary any differential subsidy based on race or colour.

Mr. **Solarz.** Since you are familiar with them, could you tell us what the most significant differences are between the Sullivan code, the EEC code, the Swedish code, and the Canadian code? Are there any major differences?

Mr. **Myers.** There were originally. For instance, the European code had a reporting requirement. It had a request that companies work for the elimination of migrant labor and influx control, and they established a minimum wage equal to the minimum effective level.

The Sullivan principles, as amplified, include all of these things. In fact, there is no basic difference between the codes, between the EEC code and the Sullivan code, in the ground that they cover.

The code developed by the Urban Foundation and the South African Consultative Committee on Labor Affairs is a far less defined code. It makes reference to elimination of racial discrimination without the specifics of either the EEC code or the Sullivan code. I think the codes are also different in the way they were developed.

The Sullivan code and the South African code were both developed by employers for themselves, and for that reason they have encountered less corporate resistance than the EEC code, which was developed by governments. Initially there was a good deal of reaction against the European codes by European companies.

An example of this is that there is this reporting requirement under the European code. Out of 80 German companies requested to report recently, only 40 bothered to do so.

Mr. **Solarz.** Reverend Sullivan gave us the number of American companies complying with his code. Do you have comparable figures for the number of Swedish firms complying with the Swedish code, and Canadian firms complying with the Canadian code, and EEC firms complying with the EEC code?

Mr. **Myers.** I don't. There are some figures the British Embassy could probably provide on the number of companies which have submitted reports. The degree of interest among the European countries varies considerably. The Italians and French have been far less interested in the implementation of the European code than the British have been.

Mr. **Solarz.** Reverend Sullivan, do you have any information about the degree of compliance by other countries' firms with their codes?

Reverend **Sullivan.** Yes. It is my understanding that there has been a very cautious effort to implement the EEC codes, and even reports back to the government have been sparse.

May I say that the expanded codes also deal stringently with the influx control laws, as far as we are concerned, and we think that is the heart of the problem.

Mr. **Solarz.** You have recommended that your code be made mandatory, presumably by the enactment of legislation. How would we go about enforcing the implementation of your code, assuming we went that route?

I gather, for example, the South African Government passed some law prohibiting American firms from disclosing certain kinds of information necessary for the Eximbank to determine whether or not they could get Eximbank loans. How would you suggest that we go about actually determining whether or not a firm was complying with the code if we made it mandatory?

Unless you had some mechanism for establishing whether or not there had been compliance, making it mandatory probably wouldn't accomplish much.

Reverend SULLIVAN. I think we have a beginning with the Evans export-import amendment. They have already outlined a process and a procedure for companies that are part of that process.

Mr. SOLARZ. Do you mean the Eximbank has?

Reverend SULLIVAN. That is right.

Mr. SOLARZ. Does the South African Government permit firms to disclose that information?

Reverend SULLIVAN. I have no idea. But I know the process is there.

Mr. SOLARZ. Would you be content with reporting by the firms themselves in order to determine whether they had complied, or would you think some independent mechanism would be necessary to establish whether or not they had obeyed the law?

Reverend SULLIVAN. I think there must be periodic reporting such as that of the Arthur D. Little Corp. as an independent unit. I think these reports should indicate the rating of the companies. I think there should be a report card of the companies for the American public.

Mr. SOLARZ. Who would make the report card?

Reverend SULLIVAN. As of now, I am making them. But I think that if a group were formulated, that group might well make that report. Let me just say I would welcome and encourage legislation requiring American companies to participate and comply with the principles and require regular reporting compliance with implementation objectives and onsite monitoring.

I think a process can be established in that form. Consideration might be given to the development of an independent volunteer group with the strength and recognition that would influence companies to more vigorously implement the principles. But they must have the enforcement of sanction support of the U.S. Government.

Mr. SOLARZ. Just two more questions before I yield.

Mr. Broderick and Mr. Taylor, you have both testified that you think the Sullivan principles are constructive. Both of your companies adhere to them. You think that they contribute towards solving the racial problems of South Africa. Yet you oppose making them mandatory.

Reverend Sullivan has testified that with all of his persuasive talents, he seems to feel he has reached pretty much the limit of the number of American firms he can sign up. There are more firms that have refused to sign up than have actually signed up.

Given that fact, if you think the Sullivan principles make sense and the majority of American firms refuse to adhere to them, what is your objection to making them mandatory?

Mr. TAYLOR. Mr. Chairman, I think one of the problems of making them mandatory is that you kick the process into a possible adversary relationship instead of a positive commitment to achieve some change. It becomes a concern about the process rather than a concern about the end or the result of the process.

Mr. SOLARZ. Would you be any less likely to implement the principles if you were legally obligated to do so?

Mr. TAYLOR. It would be difficult for me to answer that question categorically yes or no. It would depend in part on the quality and nature of the observation or monitoring. In other words, is it being done by people who look at the glass half full or the glass half empty?

In addition, I think there is the problem of monitoring within South Africa. I think whereas now there is not an adversary position developed with the South African Government toward some of this progress, I think to provide some kind of compulsory monitoring, legislation coupled with monitoring, would, in fact, set the progress back a pace.

Reverend **Sullivan**. May I ask you something?

Mr. **Solarz**. Yes.

Reverend **Sullivan**. It is a question of how you interpret monitoring. I want to see all of the 300 American companies under the hammer. Too many of them are getting away. A number of the companies that have signed the principles are bastardizing the principles. Too many of them are hiding behind them. I am not satisfied with it.

The thing I want to see is the principles implemented. If they are implemented, they will become an important factor in changing that country. Now, I think that when you talk about monitoring, I am talking about 300 companies. You can't visit 300 companies in a year unless you have a massive organization, but you might come up with the kind of plan adopted by Ford, an independent, voluntary, non-self-serving audit of every company. This could be required and could be reported to a certain unit that might be called monitoring, or review.

Then on an overall planning schedule, once every 2 years or so, you can reach each company for an onsite visit. I think it is an interpretation of monitoring, but you need monitoring and we need the review. But I think it can be put together properly. These principles can work. I know now.

Many of the companies said, oh, my gracious, Sullivan, what happened to you? I will tell you what is happening to me. Apartheid isn't ending fast enough. It isn't ending at all. I am changing discrimination in the workplace. I have done that, thank God.

But there are 600 million black people in the world, and we cannot let apartheid remain in this world. It has got to end one way or the other. I am here to say it has got to end, and I am asking the support of this Government behind these companies to see that it ends, or else it is going to end another way.

Mr. **Solarz**. Amen.

Mr. **Broderick**. Mr. Chairman, very briefly, the principles involve three things: doing something, reporting what you have done, and verifying in some way that is credible to outsiders that it has happened. The essence of the principles is the act, the doing.

The issue of vertification, it seems to me, if it can be carried out in a voluntary, cooperative way, is in principle preferable to having it done by government edict.

Mr. **Solarz**. Mr. Broderick, no one would disagree with that.

Mr. **Broderick**. We think it can be.

Mr. **Solarz**. But several years after the principles were promulgated, the majority of the companies still refuse to accept them. And Reverend Sullivan, who originated the principles and who is obviously a very persuasive fellow—the Lion of Zion—speaks forcefully and effectively. Yet the other companies still aren't signing on.

So voluntary aspects seem to have their limits.

Mr. **Broderick.** I think the numbers are misleading. If we are talking about the number of people, the 137 companies are obviously 80 percent or so of the total American companies. The 160 who haven't signed represent a lot of infinitesimal units.

Mr. **Solarz.** Mr. Myers, what is your view on making the Sullivan principles mandatory?

Mr. **Myers.** I would like to first, if I could, address the problem of verification and reporting. In the most recent report filed to Reverend Sullivan, a quarter of the companies didn't bother to file their reports. So you have immediately among the Sullivan signers some problem in reporting.

Mr. **Solarz.** How many?

Mr. **Myers.** A quarter of them. Beyond that, a number of those who do file with Reverend Sullivan do not allow those reports to be made available publicly. So there is no public monitoring of them other than through the consolidated reports put out by Arthur D. Little.

Were the principles to be made mandatory and an effort to be made by government to monitor the implementation of the principles, I think you might well run into resistance by the South African Government as you have with the Evans amendment. It is my understanding the first South African company to answer the questionnaire prepared by the State Department to qualify for Ex-Im financing was unable to submit that questionnaire because the South African Government refused to allow them to go forward under the Business Protection Act.

They could conceivably act in the same way to make it impossible for companies to report to the U.S. Government on changes in the workplace.

Mr. **Solarz.** They could conceivably, but depending upon the penalties, such an action on the part of the South African Government could, in effect, force these companies out of business, which presumably would not be in South Africa's interest. If South Africa prohibited these companies from supplying information which was required by the law, and if a failure on the part of the company to comply with the law subjected them to certain kinds of penalties which made it no longer in their interest to do business in South Africa, they would have to say to the South African Government either you let us send this information or we cannot do business here; under which circumstances it is not inconceivable that the South African Government would back off.

Mr. **Myers.** Then you move into the next stage of interpretation of the evidence as you get it from the companies, and trying to make some judgment as to what constitutes compliance.

Mr. **Solarz.** Right.

Mr. **Myers.** Unless you have some onsite inspections and some ability to respond to complaints about compliance by South African black workers, you may run into some serious questions as to credibility of the monitoring.

**Mr. Solarz.** Given all of those problems, would you personally favor making the Sullivan principles mandatory or not?

**Mr. Myers.** I think it depends entirely on what your ultimate objective is. Our organization is not in the position to make recommendations on foreign policy. We can analyze or try to analyze the impact of your making the Sullivan principles mandatory.

**Mr. Solarz.** Do you think we would get more effective compliance with the principles if we made them mandatory?

**Mr. Myers.** I think there would be more effective implementation if they were mandatory.

**Mr. Solarz.** So to the extent that the Sullivan principles make sense, it is probably better to make them mandatory than leave them voluntary?

**Mr. Myers.** I think, as I said, you would get better implementation if they were made mandatory.

**Mr. Solarz.** There are the second bells.

Let me say, when we return if the gentleman from Pennsylvania will come right back, we will continue questions.

**Reverend Sullivan.** May I have something else to say when you come back?

**Mr. Solarz.** Certainly, Reverend.

We will resume the hearing in 10 minutes.

[There was a brief recess.]

**Mr. Solarz.** The hearing will come to order again.

The U.S. Government now endorses the Sullivan principles, as you have indicated. Could you tell us what, if anything, the Government has done to get the other 160 companies who have not signed the principles to do so?

**Reverend Sullivan.** The U.S. Government?

**Mr. Solarz.** Yes.

**Reverend Sullivan.** The U.S. Government has given me encouragement.

**Mr. Solarz.** Have you gotten any help?

**Reverend Sullivan.** And they have used the principles in their statements to the United Nations and in meetings which have been organized from the various secretaries, and they have encouraged companies to sign and to cooperate and participate with the principles.

**Mr. Solarz.** How have they expressed that encouragement? Have they directly contacted the companies?

**Reverend Sullivan.** I dont think they have directly contacted the companies. I think they have done it in statements, speeches, addresses, and recommendations.

**Mr. Solarz.** Have you asked the State Department or the administration to contact the companies?

**Reverend Sullivan.** No; I have not.

**Mr. Solarz.** Why not?

**Reverend Sullivan.** I will, following this meeting. I will be very happy to, to see what the response will be.

**Mr. Gray.** Thank you very much, Mr. Chairman. It seems like the bells are working against us today.

I certainly want to thank the witnesses, who have given very interesting and provocative testimony.

Dr. Sullivan, are you saying that you would like to see perhaps even Government legislation that would make mandatory the Sullivan principles in U.S. corporations in South Africa?

Reverend **Sullivan**. Yes, I am, sir.

Mr. **Gray**. Because you feel you have reached the limit under the voluntary methodology and that the other 160 or so companies are totally resistant to implementing, voluntarily, the principles?

Reverend **Sullivan**. I believe companies are implementing voluntarily, but I am not satisfied with the overall pace of implementation by the companies. Some of the companies are doing far better than others; 20 percent are pulling hard, 50 percent are pulling, and the rest are just being pulled along. And a whole lot of them are not even on the wagon yet.

So the thing I am trying to do is to get the fullest impact of the effort of all of the companies in the Nation, because time is running out. I believe that the support of the U.S. Government at this time is not only desired but necessary for us to move ahead.

Mr. **Gray**. Would you see that linked to a limit or banning of new investment by U.S. corporations?

Reverend **Sullivan**. In my statement relative to the question of new investments, my views have not changed. This is very much different from what many people have assumed I have been saying in the world. I favor halting new investments—except for retooling and refurbishing purposes to maintain present levels of operations, or except for funds to implement desegregation, human services, and educational programs of the kind described in the principles—until we see the ending of apartheid.

I don't believe we should encourage new investments in the Republic of South Africa. At the most, I believe we should hold investments at the level where they are today.

Mr. **Gray**. In Arthur Little's recent report on the Sullivan principles which you commissioned, of the 21,000 black employees in the responding firms, only 43 were managers, 24 manager trainees, 82 professionals, 43 professional trainees, 248 in sales, and 28 sales trainees, 53 artisans, 290 artisan trainees.

Whites outnumbered blacks vastly in all areas, even in trainees. Is that one of the reasons you feel it is necessary for mandatory implementation?

Reverend **Sullivan**. That is one of the reasons. I am encouraged by the movement that has developed because they started almost from zero, so something is happening. But it is not moving fast enough. This is one of the reasons why I think we need more support.

Mr. **Gray**. You have said in your remarks that change is going to come to South Africa, and that what you are trying to do is approach it in a nonviolent manner. I wonder, as I listen to the urgency of your assessment that this change is going to come, whether or not you feel that there is an impending or increasing threat of violence in the South African society to bring about that change if these nonviolent methodologies are not implemented.

Reverend **Sullivan**. I think it is inevitable. I think it is a matter of time, and time is running out. One reason I stay with this effort is because, as I say—no one got me into this but myself and no one can get me out of it but myself and God—it is a challenge to see if it is possible to develop a nonviolent method, utilizing humanitarian, economic means to help with other forces and other thrusts to change the system before a violent solution occurs with the loss of perhaps 1 million lives, most of whom will be black.

Mr. **Gray**. Have you felt this growing anxiety and frustration among African workers in South Africa, black workers in South Africa, in terms of the lack of implementation? Do you see it in your conversations with labor leaders there in terms of your contacts?

Reverned **Sullivan**. Every week or so someone visits me in Philadelphia from South Africa, blacks and coloreds, expressing their concerns. They have been encouraged almost to the person about the concepts and spirit of the principles, and they ask me to continue to pursue them because it is one of the hopes they have for nonviolent, peaceful change.

But they also say to me, it is urgent, time is running out, get more done, get more done fast, and be sure the principles do not just create a middle class but reach out to the needs of the masses. That is why the principles must reach out to the needs of the masses in education, in economic development, in creating black enterpreneurialships, in everything that is part of a person being totally included in the life of a nation. That is also the reason, sir why we developed a bank statement that has become one of the keystones of the present phase of our efforts against apartheid in South Africa.

Mr. **Gray**. Mr. Broderick, is the Ford Co. selling vehicles to the South African police and military; and if so, what is the amount?

Mr. **Broderick**. First, I should say Ford is in full compliance with the Commerce Department's regulations which prohibit the sale of U.S.-origin commodities to the South African police and military. We sell no military equipment; we manufacture no military equipment.

Ford does sell a relatively small number of civilian-type vehicles built to normal civilian specifications which are made in South Africa utilizing components from European sources, to the South African police and military. The number of these is less than 1 percent of our total production and sales in South Africa.

Those sales, I should note, are not in violation of U.S. regulations, nor of any U.S. policy objective. They are not in violation of the laws or regulations of any country from which the components come, nor are they in violation of any U.N. resolution.

Mr. **Gray**. I would like to continue when we return.

Mr. **Solarz**. Yes; there is another vote in progress. The subcommittee will stand in recess for 10 minutes.

[There was a brief recess.]

Mr. **Solarz**. The hearing of the subcommittee will resume.

Mr. Gray.

Mr. **Gray**. Going back, Mr. Broderick, I understand your response, which is basically that you are not in violation of any of the laws of the United States because the vehicles that are made and produced for the South African police and military are produced with no U.S. parts and it represents less than 1 percent of your sales.

What is the total sales of Ford?

Mr. **Broderick**. The total sales in 1979, as mentioned in my report, is slightly over 49,000 vehicles.

Mr. GRAY. So that means that probably somewhere under 500 vehicles would be a reasonable estimate of what Ford sales to the South African military and South African police would be.

Mr. BRODERICK. That is reasonable; yes.

Mr. GRAY. I should also note that General Motors also provides similar vehicles to the South African military and the South African police. I find that an interesting contradiction of the testimony of making progress, of pushing for equal rights and profound change, that American companies would be selling, even if it were not in technical violation of the laws of this country, but certainly the spirit of the testimony that has been provided here as to the direction of where the American corporate community would like to go.

That raises the other question I have, particularly with regard to Ford. As I look at the materials you have provided here on page 3, I think, of your index, which gives the pay scale for one of your assembly plants, you have a chart there.

It seems to me, and maybe I am just not very good at reading charts and maybe you could help me, that it speaks very eloquently to the lack of compliance with the Sullivan principles when you can look at category 8, at the average black wage, as $1.74, and the average white wage as $1.84. And if you go up to grade 10, the average wage for a black is $2.05 and the average wage of a white is $2.48.

That does not quite seem to reconcile itself with the commitment of Ford to the Sullivan principles of equal pay for equal work. In fact, if we look at the evidence over the last decade, we see that the gap in pay between black and white workers, as done in a study by the Institute on Race Relations in South Africa, shows that the gap in Ford has actually increased.

In 1971 in category 9, it was $2.25 to $2.50. In 1979 it was $1.35 to $2.19 for blacks. And in category 1, for blacks in 1971 it was $1.00 to $1.40. In 1979, it was $1.00 to $1.05. So when I look at the figures of the Institute on Race, that shows a widening gap in terms of black employees receiving wages, that actually the wages are going down.

Then I look at your own figures for your plant there in South Africa at Struendale and see the gap that is there. I wonder how we can really say progress is being made on the Sullivan principles, recognizing they have only been around since 1977. I asume that Ford was one of the early signers of those principles.

So if you were in 1977, the figures of 1979 show a severe gap between black workers and white workers in the same category. Second, it shows very clearly that over the last decade, black pay has actually gone down rather than up. I wonder how you correlate that to your commitment voluntarily to the Sullivan principles.

Mr. BRODERICK. Mr. Congressman, you have raised several questions. Let me try to address each of them separately. On the question of sales to the police and military, we have recently prepared for distribution to our stockholders a detailed statement explaining the reasons why we have continued with nominal sales of non-U.S. vehicles to the police and military.

I will be pleased to submit that statement in full for the record to the committee.

[The following was subsequently submitted:]

## Ford Position on Sales to South African Police and Military

### U. S. Regulations

Ford Motor Company (Ford) and Ford South Africa (FSA) are in full compliance with the U.S. Department of Commerce regulations which prohibit the sales or transfer of U.S.-origin commodities or technical data to the South African police and military. Principal relevant Commerce Department regulations, as set forth in the Code of Federal Regulations, are attached.

Ford has complied with these regulations since they were promulgated. Measures have been taken to secure continuing compliance. These include:

a) circulation by Ford U.S. of copies of the regulations to all appropriate persons, both in the U.S. and abroad, calling attention to their provisions;

b) establishment of a periodic reporting requirement for FSA setting forth its importation of U.S.-origin vehicles and the entities to which such vehicles are sold;

c) periodic checks with appropriate Ford U.S. activities regarding the export of U.S. components to FSA and follow-up with FSA on the disposition of such components; and,

d) an internal system to confirm that U.S. technical data are not made available in violation of the regulations.

### Sales Policy

FSA sells a small number of non-U.S. origin civilian vehicles to the police and military. Such sales do not run counter to or circumvent any U.S. Government policy objective, and are not in violation of U.S. laws or regulations, nor of the laws or regulations of any country from which the vehicles or their components are supplied. The volume of such sales is nominal, constituting less than 1% of FSA's sales, which in 1979 totaled 49,342 vehicles.

In determining its position on the issue, Ford sought to ascertain whether, aside from meeting the requirements of U.S. law and policy objectives, recommending the total halting of sales of non-U.S. origin vehicles to the police and military would result in net harm or net benefit to the black population of South Africa. It is clear that if FSA were to cease its relatively limited sales to those agencies, the military and police would have no difficulty finding alternative sources of supply, given the presence of several other car manufacturer-assemblers in South Africa. Therefore, cessation of such sales would have a negligible impact on actual police and military activities.

At the same time, such an action by FSA might influence the South African Government to restrict or halt procurement of Ford vehicles for its other civilian agencies, which represents a significant volume of business. One consequence of such an action (possibly accompanied by a more general consumer boycott of our products) and the resulting sales decline, would be layoffs. That would adversely affect FSA's black and other non-white employes who constitute more than 60% of our labor force. It could also diminish FSA's ability to implement the Sullivan Principles as rapidly as it would like to, in areas such as housing, education and recreational facilities, where government cooperation (e.g., construction permits, providing teachers, etc.), is essential to satisfactory progress.

Because this analysis concluded that halting sales would almost certainly have no substantive impact on existing police or military activities, and that it could result in net harmful consequences to FSA's black employes, Ford decided not to recommend limitations on the sale of non-U.S. origin vehicles in South Africa. That decision is, we believe, fully consistent with our concern for improving the living and working conditions of black South Africans. That position was overwhelmingly supported by Ford's shareholders at its 1979 Annual Meeting.

It is our general position that more good can be accomplished for black South Africans, over the long run, by FSA's continued presence in the country and cooperation with other firms in vigorous affirmative action efforts, than by withdrawal. The decision to remain, however, inevitably involves FSA having commercial relationships with a government whose racial policies it disapproves. At the same time, it does permit FSA to take meaningful steps to improve the working conditions and quality of life of its black employes and their families. It also enables it to take certain actions, consistent with its primary economic function, to encourage and bring about change in the circumstances, both legal and practical, which now constrain the liberties of black people. FSA, for example, made strong representations to the government, both directly and through trade associations, to eliminate all racially restrictive labor practices from the law. The government has since then taken partial but important steps in this direction with the publication of the Wiehahn and Riekert Commission reports, and in subsequent implementing legislation.

It is in this context that we believe that continued sale of civilian vehicles to agencies of the South African Government is appropriate so long as such sales are not in violation of U.S. law, the laws of any other country from which components are imported, or of any United Nations boycott.

A shareholder resolution calling on Ford to halt all sales of vehicles to the South African police and military was submitted at the 1979 Annual Meeting. Its sponsors were the United Presbyterian Church, three Roman Catholic religious organizations, and Oberlin College. The resolution was defeated by a vote of 97.85% to 2.15%.

## Summary of Public Reactions

The reactions Ford has received because of the decision to continue such sales of non-U.S. origin civilian vehicles, have been as follows: First, there have been both dialog and exchanges of correspondence with the sponsors of the shareholder resolution submitted to the 1979 Annual Meeting, in which both sides expressed their viewpoints, with Ford's being the one contained in the Proxy Statement, as amplified along the lines indicated above.

In addition, Ford has received a total of thirteen written communications on this question since April 1979 (when the shareholder resolution was circulated). Of these, one was from a private citizen, who supported the Company's position. The remaining twelve were from institutions including seven universities, two insurance companies, a Protestant church, a Catholic religious order, and a theological seminary. Two of the universities did not address the shareholder resolution specifically. One called attention to the fact that under their university policy, sales to the police and military were deemed to constitute "severe social injury" in support of apartheid. The other called attention to its policy statement requesting that U.S. corporations not sell goods or services to the South African Government which are used in the direct support of the enforcement of its apartheid policies, and requested comments. Ford in reply forwarded a copy of the Proxy Statement setting forth the Company's position on the issue. Both correspondents were referred to the analysis prepared by the Investor Responsibility Research Center (IRRC) of Washington, D.C. and circulated to IRRC's affiliated institutional investors, on the shareholder resolution.

Of the remaining ten correspondents, seven informed us that they had voted in favor of the shareholder resolution, whereas three stated that they had voted against the resolution.

Those supporting the Company (two universities and one insurance company) found the rationale contained in our Proxy Statement valid. One observed that the resolution, if enacted, would likely have little or no tangible effect on the police and military and might well place FSA in a position vis-a-vis the South African Government in which it would be less able to foster constructive reform.

Of the seven institutions who opposed the Company position and voted in favor of the shareholder resolution, four limited their substantive comments to one or two sentences. Three institutions (two universities and a Protestant church) went into greater detail to explain their positions. One university stated its view that even though American policy does not affect the sales of products of non-U.S. origin in South Africa, Ford should not be satisfied to rest its policy on that technical distinction. It found the purpose of the embargo on sales to the police and military in South Africa to be clear and believed that Ford should honor that purpose, even though the law does not require it to do so. It also expressed the view that such an approach would be consistent with the enlightened stance adopted in other aspects of FSA operations.

Another university wrote that the trucks and other vehicles sold to the South African police and military allow the South African Government to continue and possibly even strengthen its policy of apartheid by assuring the government of the military transportation necessary to enforce the apartheid system. It asked that these vehicles be treated as if they were of United States origin and thus subject to the United States embargo. It shared Ford's concern about the possible loss of business for FSA and the possible reduction of jobs for black South Africans which might come about. It concluded, however, that the severity of the loss of business was unknown while the aid such sales give the South African Government could be readily ascertained.

The Protestant church representative commended Ford for and expressed appreciation of its leadership efforts on behalf of black South Africans. He also, however, urged the Company to go beyond the letter of the law, even without a majority vote of the stockholders, to ensure that it would not be associated in any way with the harassment of black people in South Africa.

Ford responded to these correspondents with the rationale which we have summarized in the paragraphs above. There has also been an exchange of viewpoints between Ford of Canada and the Canadian Taskforce on the Churches and Corporate Responsibility along similar lines.

We have reviewed the press coverage of the May 1979 Annual Meeting, as contained in press clippings collected by the Company at that time. The review shows that some newspapers reported the outcome of the stockholders vote on the resolution, but none apparently made any editorial comment on the issue, nor did they report any public reactions to it by individuals or organizations. Although there may have been other public reactions both for and against Ford's position on the shareholder resolution, they were not communicated directly to the Company, and we have not otherwise endeavored to keep systematic track of them. One of Ford's Board members, Dr. Clifton Wharton, favored the shareholder resolution and voted accordingly when the Board considered the Company's response in 1979.

Ford is aware that some persons of good will can find themselves in disagreement with the conclusions it has reached. It is hoped, nonetheless, that they can also recognize that Ford has treated with seriousness and respect the moral issues raised and has, to the best of its ability, taken those issues into account in its decision-making processes.

This report has been prepared in response to a request from certain Church groups which own shares of Ford Motor Company stock and are associated with the Interfaith Center on Corporate Responsibility.

May 1980

Attachments

## § 373.1

## INTRODUCTION

In order to facilitate the export of commodities requiring a validated license, a series of special licensing procedures is established that may be used, when appropriate, in lieu of the individual export license, as set forth in Part 372.

### *(a) Special Limitations*

**(1) Limitations on exports and reexports to South Africa and Namibia.** Consistent with U.S. policy toward the Republic of South Africa and Namibia, as set forth in § 385.4 (a), the special licensing procedures in this Part 373 may not be used by any U.S. exporter or approved consignee to—

(i) export or reexport arms, munitions, or military equipment or materials (including materials, machinery or technical data for their manufacture and maintenance) to South Africa or Namibia (see Supplement No. 2 to Part 379); or

(ii) export or reexport any commodity or technical data for delivery directly or indirectly to or for use by or for military or police entities in these destinations. This includes commodities and technical data for purposes of servicing equipment owned, controlled or used by or for such entities.

**(2) Certifications required.** To assure compliance with the limitations set forth in (1) above by (a) foreign consignees approved under Project and Distribution licenses, (b) distributors approved under the Distribution License procedure, and (c) U.S. exporters and service facilities approved under the Service Supply License (SL) procedure, the appropriate certifications described in (i) and (ii) below shall be submitted to the Office of Export Administration. The appropriate certification must be submitted in support of special licenses valid as of February 16, 1978 before additional commodities may be shipped to the foreign parties concerned, and certifications must be submitted before new or pending applications for special licenses will be considered.

(i) Sale to and servicing in the Republic of South Africa and Namibia. The following certification is to be completed by—

(*a*) [Reserved]

(*b*) distributors and end-users approved under the Distribution License procedure and located in the Republic of South Africa or Namibia; and

(*c*) U.S. exporters and service facilities approved under the Service Supply (SL) procedure to service equipment in the Republic of South Africa or Namibia:

> "I (We) certify that commodities received under this (enter *Distribution or Service Supply*) License will not be sold or otherwise made available, directly or indirectly, to or for the use by or for police or military entities in the Republic of South Africa or Namibia or used to service equipment owned, controlled or used by or for these entities."

(ii) Production of foreign-made end products for sale to the Republic of South Africa and Namibia. The following certification is to be completed by all foreign consignees of Project and Distribution licenses who have been authorized to use U.S.-origin parts in the manufacture of foreign-origin end products intended for export:

> "I (We) certify that the commodities received under this (enter *Project* or *Distribution*) license will not be used in the production abroad of commodities that will be sold or otherwise made available, directly or indirectly, to or for the use by or for police or military entities in the Republic of South Africa or Namibia."

### *(b) Relationship to Foreign Laws*

No authority granted under the provisions of this Part to reexport, resell, distribute, transfer, divert, or tranship a commodity shall in any way relieve any person from his responsibility to comply fully with the laws, rules, and regulations of the country from which the commodity is to be reexported or of any other country having authority over any phase of the transaction. Conversely, no foreign law, rule, regulation, or authorization in any way relieves any person from his responsibility to obtain such authorization from the Office of Export Administration as may be required by the Export Administration Regulations.

### *(c) Effect of Other Regulations*

Insofar as consistent with the provisions of this Part, all of the provisions of the Export Administration Regulations shall apply equally to applications for licenses and licenses issued under this Part.

### *(e) Restrictions Applicable to Republic of South Africa and Namibia*

No technical data may be exported or reexported to the Republic of South Africa or Namibia under this General License *GTDR* where the exporter or reexporter knows or has reason to know that the data or any products of the data are for delivery, directly or indirectly, to or for use by or for military or police entities in these destinations or for use in servicing equipment owned, controlled or used by or for such entities. As used in this paragraph (*e*), the term "any products of the data" includes the direct product [4] of the data and any subsequent products of the direct product. Further, any technical data that do qualify for export or reexport to the Republic of South Africa or Namibia under this General License *GTDR* must be accompanied by a written notice to the consignee that the direct product [4] of the data may not be sold or otherwise made available directly or indirectly to the military or police entities in these destinations. In addition, no technical data relating to the commodities listed in Supplement 2 to this Part 379 may be exported under this General License *GTDR* to any *consignee* in the Republic of South Africa or Namibia.

. . .

### § 385.4

### COUNTRY GROUP V

### *(a) Republic of South Africa and Namibia*

In conformity with the United Nations Security Council Resolutions of 1963 and 1977, relating to exports of arms and munitions to the Republic of South Africa, and consistent with U.S. foreign policy toward the Republic of South Africa and Namibia, the Department of Commerce has established the following special policies for commodities and technical data under its licensing jurisdiction.

(1) An embargo is in effect on the export or reexport to the Republic of South Africa and Namibia of arms, munitions, military equipment and materials, and materials and machinery for use in the manufacture and maintenance of such equipment. Commodities to which this embargo applies are listed in Supplement No. 2 to Part 379.

(2) An embargo is in effect on the export or reexport to the Republic of South Africa or Namibia of *any* commodity, including commodities that may be exported to any destination in Country Group V under a general license, where the exporter or reexporter knows or has reason to know that the commodity will be sold to or used by or for military or police entities in these destinations or used to service equipment owned, controlled or used by or for such military or police entities.

(3) An embargo is in effect on the export or reexport to the Republic of South Africa or Namibia of technical data, except technical data generally available to the public that meets the conditions of General License *GTDA*, where (i) the technical data relate to the commodities listed in Supplement No. 2 to Part 379, or (ii) the exporter or reexporter knows or has reason to know that the technical data or any product of the data as defined in § 379.4(e) are for delivery to or use by or for the military or police entities of these destinations or for use in servicing equipment owned, controlled or used by or for these entities. In addition, users in the Republic of South Africa or Namibia of technical data that do qualify for export or reexport under the provisions of General License *GTDR* must be informed in writing at the

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[3] Technical data relating to military or naval submersible watercraft are subject to the export licensing authority of the U.S. Department of State.

[4] The term "direct product," as used in this paragraph, is defined to mean the immediate product (including processes and services) produced directly by use of the technical data.

**time of the export or reexport of the data that the direct product of that data may not be sold or otherwise made available, directly or indirectly, to the military or police entities in these destinations. The term "direct product" is defined in footnotes in § 379.4(e).**

**(4) Parts, components, materials and other commodities exported from the United States under either a general or validated export license may not be used abroad to manufacture or produce foreign-made end-products where it is known or there is a reason to know the end-products will be sold to or used by or for military or police entities in the Republic of South Africa or Namibia.**

**(5) A validated export license is required for the export to the Republic of South Africa and Namibia of any instrument and equipment particularly useful in crime control and detection, as defined in § 376.14.**

**(6) General License *GIT* may not be used for any commodity destined for the Republic of South Africa or Namibia (see § 371.4(b)).**

**Mr. Broderick.** On the question of wage equivalents, I think the table you are looking at on page 3 of the attachment to my testimony is consistent with the commitment we have to the Sullivan principles.

Let me note first of all what principle we are talking about. We are talking about principle 3, equal pay for all employees doing equal or comparable work for the same period of time. The discrepancies which are shown in that table, for example, for workers in wage grade 6 or 9 as between white colored, and black employees relate to the length of time individual employees have been employed in those grades.

In other words, this is a seniority differential within the wage grade. It is a fact that the black employees, or large numbers of them on our payroll, are more recent employees of the Ford Motor Co. than are the colored or white employees. A substantial increase in the number of several hundreds occurred several years ago when we built a new assembly plant adjacent to a black township, New Brighton.

We are confident that within this wage structure, there are no cases, it is not company policy that there should be and where we find them we correct them that any black employee or any colored employee who has been working in a specific wage category for a certain length of time gets any different pay from a white worker with the same amount of seniority in that category.

It can be seen from the report for example that there are at least a couple of cases where the average wage—that is what is reported here for all of the workers by race in each category—the average wage of colored workers is slightly higher than those of white workers in the two categories.

This again is a function of seniority not race. So to summarize, I think this table can be misinterpreted and needs to be explained.

**Reverend Sullivan.** May I say something?

**Mr. Gray.** Go right ahead.

**Reverend Sullivan.** But there is a problem.

**Mr. Broderick.** There are a lot of problems.

**Reverend Sullivan.** It seems to me that we have to recognize the conditions in which blacks have worked for any company over a period of time. So when we talk about period of time, we have to put parentheses there to determine what that means.

**Mr. Gray.** I think that is a very good point. That was my next question to you. I figured that that might be the reason for the differentiation. The question, it seems to me, is that in compliance with the spirit of the Sullivan principles, is Ford South Africa doing anything to overcome the historic effects of the apartheid system in its own plant?

If not, invariably there will be that wage differentiation based upon seniority because of the time of entry into the grade.

**Mr. Broderick.** The answer in brief is yes, we are doing something. And the primary means we are using to overcome the problem is training—the problem being black workers, through lack of training and education, have had to start under a handicap which many white workers did not.

**Mr. Gray.** But who caused the handicap?

**Mr. Broderick.** The South African system caused the handicap.

**Mr. Gray.** As administered by whom?

Mr. **Broderick**. The South African Government. What I am saying is we face a problem which is not of our making when we hire new black workers who lack certain skills and qualifications. The answer to the question you raise, how to get more blacks into the higher categories and the higher paying kinds of jobs, is training and general education.

Mr. **Gray**. I am not asking a question of how to get them in. I am asking a question of why those who are there are not paid equally the same as their white counterparts. I am not asking about the fact that in category 10, there are 5 blacks and 31 whites. That is not the question.

The question is the difference between $2.05 versus $2.48. Your response was that because of the way the South African system was set up, with these people entering only in the last few years, they don't have the seniority. I am simply saying that since Ford South Africa helped to administer that system previous to your new commitment to the Sullivan principles, what are you doing to equalize that?

Otherwise, those blacks who integrate in a 9 or 10 will be penalized for past practices of your company in compliance with South Africa. It is sort of like the old story of how to get the caboose up with the locomotive if you continually say: It's the caboose, it's been that way.

Do you understand my question? I am saying what is Ford doing to equalize the pay of the grade 10 average black worker with the grade 10 average white worker? I don't particularly find it a good answer, when you say you are complying with the Sullivan principles, to attribute it to a seniority differentiation.

Mr. **Broderick**. I understand your question, and I think that part of the answer I gave has to be relevant to the general proposition of how black workers gain more equality in South Africa. I do not see what we can do to resolve the problem of a black man having less seniority and therefore less pay for doing a given job than a white worker, any more than I see the solution for the reverse, as long as we accept a general principle of seniority.

There is one step we are taking to resolve that problem within these individual pay grades without reference to doing something to a man to get him promoted to a higher grade now. Within each grade there is a range. There are annual increments for seniority, and we are trying to narrow down in each wage category the gap between the lower and the higher, and eventually, particularly for the unskilled and semiskilled, to get to a point where, for grade 2 or grade 4, there will only be one pay level, with possibly eventually an additional increment for seniority.

Over time, that will eliminate the differences. But for the individual person who comes in 5 years later than the man working next to him, we would have a variety of problems, including with unions of all races, in ignoring the principle of seniority.

Mr. **Gray**. So the problem of seniority works, to some degree, against the compliance with the goal of the Sullivan principle. I understand what you are saying, so the answer is the seniority question does cause a——

Mr. **Broderick**. It has some limiting effect. This was debated, I may say, very thoroughly in the preparatory meetings we all had with

Reverend Sullivan in early 1977 on exactly how to address that issue, to accomplish what we were trying to do without violating another equally significant right that workers have.

Mr. **Gray**. Does Ford have any black managers?

Mr. **Broderick**. Yes. Ford has a total of—let me get the figure here.

[The following was subsequently submitted:]

The information requested is as follows: As of May 1, 1980, 53 black and colored employees, constituting 9.1 percent of the total, now hold salaried supervisory positions at Ford South Africa. On January 1, 1978, the corresponding percentage was 5.5 percent.

Mr. **Gray**. Does Ford have black employees supervising whites?

Mr. **Broderick**. It does not. As was noted in my statement, Ford has three colored employees who are supervising white employees. We have no black employees supervising whites.

Mr. **Gray**. Why is that?

Mr. **Broderick**. In large part because we were, until December 1st of this year, subject to something called the "Work Reservation Determination No. 16 of 1964." This was a limitation, a regulation which limited the kinds of jobs which black people could hold.

We were successful over the years in getting a variety of exemptions to that determination which enabled us to put large numbers of blacks in certain skilled jobs, such as welders, and in certain supervisory and managerial jobs. But we were not permitted to place any of them in positions supervising whites.

With the abolition of that work reservation determination, we are no longer subject to the requirement. As noted in my statement, it is our expectation, the expectation of Ford South Africa, that the total number of three will increase by the end of 1980 and that at least one of them will be a black supervising whites.

Mr. **Gray**. Some blacks working for Ford have complained jobs were frequently reclassified when a black took over from a white. This was in the South African Institute report. How do you respond to that charge?

Mr. **Broderick**. I think I am correct in responding that Ford South Africa was unable to document any instance in which that was the case. However, what I would prefer to do rather than answer off the cuff is submit to you a written statement on that subject.

Mr. **Gray**. I would certainly appreciate that since the charge has been made in the South African Institute report. Why are there no nonwhite Ford dealers in Soweto, Durban, Port Elizabeth, or Capetown? Since Japanese companies have such dealers, why are all 156 Ford dealers white when 20 percent of the market of your company in South Africa is nonwhite?

Mr. **Broderick**. We will have by the end of 1980 our first black dealer in Soweto. Beyond that I have no explanation to give for our lack of black dealers at this point. It is a deficiency.

[The following was subsequently submitted:]

Information regarding alleged job downgrading at Ford South Africa, and about real wage trends since 1971, is as follows: The South African Institute of Race Relations report "The Sullivan Principles at Ford," alleges downgrading of jobs for non-whites (p. 32), and purports to show that real wages for all categories of workers had declined between 1971 and 1979 (p. 34).

On the former point, employees are assigned position classifications as defined in the labor contract. All trade unions are informed and have the legal right to

**file a grievance with the Company if any employee is assigned an incorrect position classification by the Company. Such issues are discussed on a regular basis between Shop Stewards and labor relations representatives, and any anomalies are immediately resolved. Part of the training program for foremen includes the assignment of employees in grade 9 or 10 into foreman vacancies for a period of probation prior to their appointment as foremen. Ford South Africa is unable to substantiate the allegations in the SAIRR report.**

**Regarding wage trends, the 1979 data shown in the table on p. 34 in that report was incorrectly calculated by SAIRR. The error resulted from the use of incorrect figures for the Household Subsistence Level for 1979. During the period 1971 through 1979, the Household Subsistence Level (H.S.L.) for a colored family of five in fact increased by 116 percent, while Ford South Africa's minimum wage increased by 150 percent over the same period. Put another way, the minimum wage increased from 102.9 percent of the HSL (1971) to 119.1 percent of the HSL (1979).**

**In early 1980 a wage adjustment further increased the minimum wage. The following corrected table should be used in place of table 3.1, on page 34 of the SAIRR report, in considering wage trends at Ford South Africa since 1971.**

| | 1971 | | | 1979 | | | April 1980 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Grades | | Hours for HSL | Grades | | Hours for HSL | Grades | | Hours for HSL |
| | Minimum | Maximum | | Minimum | Maximum | | Minimun | Maximum | |
| Labor grade: | | | | | | | | | |
| 1 | 100 | 140 | 185-132 | 100 | 105 | 159-152 | 100 | 100 | 149-149 |
| 4 | 120 | 170 | 154-109 | 105 | 131 | 152-122 | 109 | 130 | 137-115 |
| 7 | 175 | 213 | 106- 87 | 116 | 176 | 137- 90 | 117 | 158 | 127- 94 |
| 9 | 225 | 250 | 82- 74 | 135 | 219 | 118- 73 | 130 | 197 | 115- 76 |
| 11 | 275 | 438 | 67- 43 | 275 | 345 | 58- 46 | 239 | 321 | 62- 46 |

Mr. SOLARZ. Will the gentleman yield on that point?

Mr. GRAY. Yes.

Mr. SOLARZ. Does it have anything to do with certain capital requirements that you need to open a dealership?

Mr. BRODERICK. It is partly that. I think it is partly also that it is a subject on which the company did not begin to focus its attention sufficiently until about 2 years ago.

Mr. SOLARZ. Do you have dealerships in the townships? In other words, are there Ford dealers in Soweto and the other townships in South Africa?

Mr. BRODERICK. I don't know. I would have to furnish that.

Mr. SOLARZ. Could you let us know for the record? I presume, a black would not be permitted, under South African law, to have a dealership in Johannesburg, for example.

Mr. BRODERICK. And that law usually applies in reverse. That is, whites are not allowed to have them in back areas. However, I am not certain of the answer.

Mr. SOLARZ. I would like to know how many dealerships, if any, you have in the black and colored townships, and if so, who runs them, and why there are no blacks or coloreds who have those dealerships, and whether there were ever any expressions of interest or applications on the part of blacks or coloreds to open up dealerships in the townships.

[The following was subsequently submitted:]

**Ford South Africa currently has two black dealers, one for automobiles and one for tractors. Both are located in Kwazulu, near Durban in Natal province. Negotiations are currently underway for the appointment of a black dealer in**

Soweto and a colored one in Cape Town in 1980; and three additional nonwhite dealerships are planned for 1981. Ford South Africa has no white dealers in specifically black, colored or Indian areas within South Africa.

Establishment of black dealerships has been handicapped by difficulties in identifying individuals who can meet the necessary facility and capital requirements. The Company's emphasis on economic viability will, it believes, benefit the black dealerships in the long term, even though it has made initial progress in appointing dealers slower than desirable. As dealers are chosen, Ford South Africa is providing extensive assistance to help them develop the necessary management expertise.

Mr. Gray. Mr. Taylor, do you have any blacks in supervisory positions over whites?

Mr. Taylor. I am not completely sure of that—no; we do not.

Mr. Gray. Do you have a consistent differentiation in pay for whites versus blacks? Have you any figures on equal pay for equal work, or are you hamstrung by the same problem that Ford has?

Mr. Taylor. I would imagine our problem is different in many respects than the Ford situation. I believe it was in 1977 we developed a single payline or the continuous payline for all employees. Prior to that we had a payline where at the low end of the labor grade scale, you would find a very flat curve. Those were the black workers. Then there was a jump to a higher level, and the bottom of the white payline began. This was the way we found the company when we acquired it.

In, I believe, 1975, we began to equalize our pay curve, We now have a continuous pay curve, equal pay for equal work, with the exception of some—there is a provision for merit payment. I don't believe we are quite as dependent upon the seniority issue as may be the case with Ford.

Mr. Gray. I would appreciate it if you would submit to this committee a breakdown in terms of your employees categories, gradewise, as well as in terms of black, colored, and white South Africans average pay scales. I think that would be very important information.

I was impressed by the statement made by your former chairman on page 3 of your testimony: "We do not treat our employees fairly and equitably in South Africa because they are South Africans; we treat them fairly because they are our employees."

Of course, later on on page 4 you talk about that there has been real progress made. I wonder if, again, there might be some contradiction. If you treat them fairly as your employees, then, it seems to me you said in 1977, you believe in these things because they are your employees and they deserve this treatment. Then you state that, on page 4, "we have made progress."

So are you saying that the Sullivan principles were really a part of your company's philosophy, but over the last couple of years there has been a more concerted effort at implementation of the principles your company has always adhered to?

Mr. Taylor. Well, first of all, the quote that you referred to from our chairman was in response to Reverend Sullivan at the time we adopted the Sullivan principles. For many years, we have had a statement of company principles about the treatment of employees wherever they may be. I think our chairman was referring to that position in his response to Reverend Sullivan.

There is no question; first of all, we were on the route that I think Reverend Sullivan would find consistent with his direction before we signed the principles. There is no question about it that there is a very positive effect from the publicity, and all the rest given to Dr. Sullivan's principles, that keeps a drumbeat for all companies in South Africa that are signatories to march to.

Reverend SULLIVAN. May I say something to that?

Mr. GRAY. Yes, Dr. Sullivan.

Reverend SULLIVAN. When the principles were initiated in 1977, there was not one single American company that could say they were complying with or implementing the substance of the principles; not one. And all this matter that has come to me that "we were doing this before" was one of those disparities that has concerned me for a long time. They weren't doing it before.

The thing that concerns me now is they must do more now. There are only a handful of American companies that were doing much of anything before the principles; they were just getting by here and there. There were a few things that had to be done from pressure points here or there. Not a single American company, not one, was implementing the principles when they signed those principles and even now, in assessing there, there are few that seem to be trying.

But the reason I am here making this statement to you is because I need help to get them to implement them, because time is running out for a nonviolent approach.

Mr. GRAY. Mr. Taylor, on the one hand you state that your company's policy is committed to things embodied in the Sullivan principles and that you are going to continue to make progress on those; yet you do not favor any kind of mandatory implementation because it will remove the possibility of incentive altogether, to use your words.

What incentive is there that you are referring to? It seems to me that if a company believes in the principles, that it would not be harmful for it to be mandatory and with an open reporting system.

Mr. TAYLOR. If I recall my earlier statement correctly, I was concerned more—I don't recall using the word "incentive," removing an incentive with respect to the regulation of the Sullivan principles. I said I felt it would introduce a possible adversarial relationship where I think greater progress will be made through sincere voluntary commitment to achieving some progress; that there might be more attention given to process than end result.

I will let my answer stand at that.

Mr. GRAY. Aren't the American corporations who are adhering to the Sullivan principles in an adversary role already if they are adhering to those principles? So why the concern about an adversarial posture now?

Mr. TAYLOR. I am not sure I follow your question, sir.

Mr. GRAY. Your response was that it would put the corporations in an adversarial position; I would imagine with the South African Government.

Mr. TAYLOR. No. Excuse me; I may not have made that point sufficiently clear earlier as well. I think with respect to the U.S. Government and the U.S. regulation of the effort in South Africa, not the South African Government.

**Mr. GRAY.** Are you saying the corporate community would be opposed to making them mandatory and therefore the United States would be the adversary; and if so, why? Since at least 135 of them adhere to it in the first place?

**Mr. TAYLOR.** Perhaps I can answer your question in a slightly different route. I think the opportunity still rests or is still there for a greater level of voluntary effort. As for instance, I can make a specific suggestion.

I think it would be very useful to gather together as many of the 165 or 168 signatory companies as possible in another conference such as the Sand Point Conference and to get a level of commitment from those committed companies within that group to go out and get additional companies to sign up and swell the ranks of the committed companies, and to also, through the dialog and exchange that takes place in that group, get a higher level of performance among the committed companies.

I think it would be much more useful to go that route first than to introduce the issue of regulation and law to this. I think we ought to give voluntarism a further shot in that way.

**Mr. GRAY.** How long would you say it would take to give voluntarism an opportunity to work again: 1 year, 2 years, 6 months?

**Mr. TAYLOR.** It calls for a great deal of speculation on my part, but I think we ought to give it another year or two.

Reverend **SULLIVAN.** One; no more. [General laughter.]

**Mr. GRAY.** Let me just say, as one who most recently traveled to South Africa and met with a variety of leaders there from the black community representing all points of view on how the problem might be resolved, that I certainly would urge the American Corporate community to examine its position, because all of those that I talked with in the black community, whether they represented more conservative viewpoints, moderate viewpoints or more militant viewpoints, see the American corporate presence as aiding and abetting the system of apartheid.

And if the day comes which Dr. Sullivan has prophesied, with conflict and a different approach, then I think the interests of the American corporate community will be perhaps damaged severely in the long run.

One last question that I have to Mr. Myers and perhaps to all of you. Do you think voluntarism will work in South Africa; and would you also reflect upon the fact that voluntarism did not work with respect to integration, segregation and voting rights here in the United States of America?

**Mr. MYERS.** If you define "will work'" as full implementation of the Sullivan principles, and if you look at the performance since the Sullivan principles were signed, one would have to say voluntarism has not succeeded in full implementation of the Sullivan principles.

I think there is some discussion and has been some discussion as to what might constitute compliance and how might one make compliance mandatory, and what sorts of problems you would have with extraterritoriality with that.

There has not been any focus on the possibility of making merely reporting mandatory as opposed to compliance mandatory and leaving a judgment of compliance to people in South Africa, black workers, interested employers and others, and to the general public here, rather than involving the governmental process in a monitoring effort.

It does seem a bit difficult now to assess overall performance of American companies when the information is incomplete. As I said earlier, some Sullivan signers do not make their reports public and others do. It is a bit unfair for companies who reveal more about themselves to be held more accountable than those companies who reveal less.

Were all companies to be required to report regularly on their efforts in South Africa, there would be a certain increased incentive. It would give stockholders and other people what some have termed a power to embarrass or a power to compliment those companies who have been able to make more progress.

So I think there are steps short of mandatory compliance enforcement similar to that which we have had here which might give a spur to the voluntary effort to date.

Mr. **Solarz**. Mrs. Fenwick.

Mrs. **Fenwick**. Thank you, Mr. Chairman.

I am reminded inevitably of 1963, I guess it was, when we had 4,736 apprentices in New Jersey in our apprenticeship program certified to by the Department of Labor, and there were 14 nonwhites in that program. As chairman of my Democratic Governor's Equal Employment Opportunity Committee and a member of the U.S. Commission, I worked to see what we could do.

So what Reverend Gray has said is very much to the point. We had an established system here and we could not take away from the unions the right to decide who would be in the apprenticeship program. On the other hand, neither could we tolerate the situation we had. Governor Hughes and I used to sit night after night in the Governor's mansion with the union representatives trying to get agreement, one by one, as to some kind of entry possibilities.

I don't know how one does it best, but it does seem to me that we are going to have to take some action to support those companies who have done it and to bring pressure, perhaps, with an ugly threat looming somewhere over those who do not.

I don't know how else we can move in this particular field. I would think that some of the steps that have been suggested would be wise, with the knowledge that this Congress is concerned and if we don't get some kind of action, we are going to have to take some further steps.

I think you have to approach this with some understanding that some companies are more able than others to do the housing they ought to do, which is a very important part.

I would like to ask some questions. When was the Work Reservation Act nullified?

Reverend **Sullivan**. Just recently as a result of the Wiehahn Commission effort. The Wiehahn Commission was created as a result of the principles.

Mrs. **Fenwick**. I think everyone admits that.

Mr. **Myers**. There are some reservations remaining in force, particularly relating to the mining industry.

Mrs. **Fenwick**. But that was what, 1980?

Mr. **Broderick**. December 1, 1979, insofar as they applied to Ford.

Mrs. **Fenwick**. So would you consider that a very good sign, Reverend Sullivan?

Reverend **Sullivan**. Yes, and it was a result of the effort of the principles.

Mrs. **Fenwick**. This is what we have to keep up.

I would like to ask you, would it not be wise, perhaps, the minute you see something like that, to let us here in Congress know. There is a group of us in Congress concerned with South Africa. We could write to the South African Government and congratulate them, saying, "Now you are moving in the right direction, but the next thing we want is this."

I think we ought to encourage any improvement. If we notice a step forward, they will realize we are watching. We should ask for the next step in the same breath. It would seem to me wise if we could move—not officially, only as Members of Congress—if we could move in that direction.

Reverend **Sullivan**. Mrs. Fenwick, first, I am so glad to see you.

Mrs. **Fenwick**. I am so glad to see you again, too.

Reverend **Sullivan**. My concern is the steps are not taking us there fast enough.

Mrs. **Fenwick**. I know; but can we not accelerate them?

Reverend **Sullivan**. I am stressing today an urgency.

Mrs. **Fenwick**. I agree.

Reverend **Sullivan**. Where an individual citizen such as myself, a black Baptist preacher, was able with the help of God to bring us this far——

Mrs. **Fenwick**. Amen.

Reverend **Sullivan** [continuing]. You would say the good Lord is still with him; but he needs the U.S. Government to take some of the barrels off his shoulder.

Mrs. **Fenwick**. That is right. That is what we are trying to do. Let me ask a few more questions. Do you know anything about these cadet schools?

Reverend **Sullivan**. Cadet schools?

Mrs. **Fenwick**. Yes.

Reverend **Sullivan**. In South Africa?

Mrs. **Fenwick**. Yes. I questioned Mr. Moose about them, and he said they were mostly being done by local South African firms and they involved training blacks in courses not given in black universities which are given in white universities. He said he did not think they included metallurgy, but perhaps chemistry.

Do you know anything about this, gentlemen?

Reverend **Sullivan**. I know this, Mrs. Fenwick, and perhaps this is a relationship; I don't know. A year ago, 10 of the largest South African companies, led by Barlow Rand, visited with me and stated their compliance with the principles employing 750.000 workers.

They visited me just a few months ago to indicate again they are working toward the principles. So now we are not just dealing with 70.000 black workers; we are dealing with almost 1 million workers with the principles. Now, it could be because we are stressing education that some of those companies are developing these cadet schools.

One of the main features we are concentrating on is infrastructure education by the hundreds of thousands, and millions.

Mrs. **Fenwick**. I am so glad. That was my next question: Are any of the South African firms doing anything? Now you tell me that the 10 largest ones came to you. What could we do to encourage that? Would you think it wise, for example, if you gave us the name of those 10 large firms and if we wrote to them to say that we are so happy, you have seen Dr. Sullivan and we hope you will go forward with this, and we would be so interested in your progress.

Do you think that would be worth it?

Reverend **Sullivan**. I think it has merit.

Mrs. **Fenwick**. Will you let us know the names?

Reverend **Sullivan**. Certainly. The thing we need to do there, though, is develop a relationship so I can have a better understanding of what those companies are doing.

Mrs. **Fenwick**. That is it; yes.

Reverend **Sullivan**. So they are not hiding behind the principles too.

Mrs. **Fenwick**. Yes; but don't you think it would encourage them to give you a better footing if we backed you up? That is what I am trying to say.

Reverend **Sullivan**. Yes; I need all of the backup I can get.

Mrs. **Fenwick**. Oh, Doctor, it is so good to see you! It is a long time we have been in this. Is there South African law that forbids proper reporting? In other words, suppose we wrote to these 10 largest firms and said we all back Reverend Sullivan; he has told us what you are doing and that you have seen him. We are so interested in your progress; let us know what steps you have taken to implement the Sullivan principles.

Is there any law that would forbid their reporting to us or anyone else?

Reverend **Sullivan**. I understand there is some discussion or some legislation that might, within its range, question that. Would you say so, Mr. Myers?

Mr. **Myers**. Yes. Under the Protection of Business Act, the Government could refuse to allow South African companies to report.

Mrs. **Fenwick**. Then the thing for us to do would be to write to the South African Government and say it is perfectly wonderful you have taken off some of the work reservation principles, but we hope very much you will remove the others and that you will move toward the—what was that phrase you used?—elimination of the Protection of Business Act, and will allow reporting.

Mr. **Solarz**. Will the gentlewoman yield on this point?

Mrs. **Fenwick**. Of course.

Mr. **Solarz**. Has the South African Government prohibited any of the firms which have accepted the Sullivan principles from reporting to Reverend Sullivan their degree of compliance?

Reverend **Sullivan**. I can respond to that, but go ahead.

Mr. **Myers**. They have not. They have asked the companies—the Minister of Economic Affairs asked that all companies responding to the Sullivan principles file a copy of the report they make with the Minister.

Mrs. **Fenwick**. But they don't forbid it.

Mr. **Myers**. They don't forbid it.

Mr. **Solarz**. Under this law you referred to, is each company required on a case-by-case basis to obtain permission from the South African Government before filing?

Mr. **Myers**. In this case, it was done by the American chamber. They went forward with a request on behalf of the American company.

Reverend **Sullivan**. And the indication was, I said to the companies I want those reports, and if you can't get them through, I want them anyway. So the question was, like the signs, if the law said no, take them down anyway. In other words, you have to have a certain kind of buoyancy and pressure behind it.

Mr. Solarz, may I respond? As we look ahead, I am sure something is going to happen, and considerations should be given to possible sanctions. That is a hard word, but that is where I am, sanctions against companies from other nations which trade with the United States that have businesses in South Africa and do not adhere to the principles or something comparable to it, such as Japan.

Mrs. **Fenwick**. Imagine what that would do to the automobile industry.

[General laughter.]

Reverend **Sullivan**. You must remember the Japanese have a strong role in South Africa. They do not adhere to the principles. There is no participation in the efforts of the code, and we buy a lot of those automobiles over there.

Mrs. **Fenwick**. We sure do, 2 million.

Reverend **Sullivan**. It is just a question. Let me broaden it a little more. Well, I will broaden it in the next phase next year. But you see where I am.

Mrs. **Fenwick**. I do see where you are, and we must move together here. But I am a little confused by the response to my question. I asked if they were forbidden; and the answer as I understood it was that the companies could not report because of the Protection of Business or Enterprise Act. However, that does not apply to reports they make to Reverend Sullivan.

Mr. **Myers**. It is like many laws in South Africa. The law is on the books. The question is whether or not the Government wishes to enforce it.

Mrs. **Fenwick**. I see.

Mr. **Gray**. Would the gentlelady yield?

Mrs. **Fenwick**. Of course.

Mr. **Gray**. Can the 135 American firms give an open report on progress made on the Sullivan principles to someone other than Dr. Sullivan to the United States? Can those reports be made from the 135?

Reverend **Sullivan**. I can respond to that. It is up to the company. The company can, by its own releasing of those reports, make them available to anyone they choose. I will not make them available.

Mr. **Gray**. So Ford, General Motors, Rexnord could all, on a yearly or semiannual basis, announce here is their progress. That does not violate any South African law, Mr. Myers?

Mr. **Myers**. It could possibly. It is a very difficult law to interpret. It refers to an order or a letter of request by an official body. In response to that, if a company is responding to that, the Government reserves the right to oppose the transfer of information from the company being requested.

It originally went into effect to protect a South African company about having to respond to a New York State court subpena.

Mr. **Gray**. But I am talking about an American corporation.

Mr. **Myers**. Were the Congress, for instance, to demand to subpena information from subsidiaries in South Africa, the South African Government could conceivably invoke this law. Were it to request American companies here to provide information they have obtained from their subsidiary in the course of normal day-to-day operations, I think it would be very difficult for the South African Government to invoke that.

Mrs. **Fenwick**. So the thing for us to do, then, if I may—excuse me——

Mr. **Gray**. That is all right.

Mrs. **Fenwick**. The thing for us to do is ask the firms to report to their headquarters here.

Mr. **Myers**. Or ask the headquarters here to report on their operations in South Africa.

Mrs. **Fenwick**. So these could be transferred to the corporate heads interdepartmentally, so to speak. That is very encouraging. That would be a way around.

I will stop now, Mr. Chairman, because I know I have had my 5 minutes. [General laughter.] We have to have our ways, don't we? Do you understand?

Mr. **Solarz**. That is the difference between Republicans and Democrats. We have a different definition of 5 minutes. We are big spenders, with time as well as with money.

Mrs. **Fenwick**. Well, we are all aware of that. We are all paying for it. [General laughter.] You have to enjoy life a little bit, don't you think? But I tell you, this committee is marvelous.

Seriously, we are dealing with something important here. I would like so much if you could give us the names of those 10 largest firms, Reverend Sullivan.

Reverend **Sullivan**. Yes; I will get them for you.

Mrs. **Fenwick**. And also if we could clearly put it in the record that we would very much favor what I think it was Mr. Broderick or perhaps Mr. Taylor who suggested that we have a conference here involving as many of the 137 "white hat" firms and as many of the 167 "black hat" firms together so that we could have a serious private discussion, so that some of these firms who are not complying will understand that it can be done and that it is not some horrible problem that they just simply haven't the imagination or caring to face.

I would like to see that tried, but I do think it would be wise for it to also be on the record that I am convinced that this committee, at least, and probably the whole committee would move to stronger measures if we don't get more action. I think that ought to be in the record.

Thank you, Mr. Chairman.

Mr. SOLARZ. Mrs. Fenwick, may I say in this case the white hats are the black hats, and the black hats are the white hats. [General laughter.]

Mr. Myers, assuming we did move to a mandatory version of the Sullivan code, how would you recommend we go about determining whether in fact American firms doing business in South Africa were complying with it? Would you be content with a simple requirement that the firms themselves report? Would you think there should be some other mechanism to verify compliance?

Mr. MYERS. I think in our own experience it has been extremely helpful to spend time onsite talking to workers and management in order to get a better idea of the context in which a company is operating. It is very difficult to determine what would be compliance. Is it compliance if a company adds two Africans to its salaried work force?

Mr. SOLARZ. What mechanism would you recommend we establish in order to provide for verification of compliance?

Mr. MYERS. I think the first step is to have a regular reporting process. The second—and again, you are running into a question of jurisdictional rights—would be to have people in South Africa who can respond to complaints of noncompliance.

Mr. SOLARZ. Do you have any estimate as to how many people would be required for such a process?

Mr. MYERS. The only thorough analysis of any company I know of is the one the Institute for Race Relations did for Ford, and they did it with the agreement of the company, under most unusual circumstances. The books were opened to the people from the institute. They had three people, I think, for a total of 5 or 6 days.

So if you are really going to be auditing a company, if you are going to be imposing some kind of saction on a company for noncompliance, it is going to take a tremendous outlay in manpower and time.

Mr. SOLARZ. Of course you would not necessarily have to audit every company every year. We don't audit every tax return.

Mrs. FENWICK. Spot check.

Mr. SOLARZ. Yes. To the extent firms knew they might be audited, it would provide an incentive.

Reverend Sullivan.

REVEREND SULLIVAN. May I say I think we have some things going for us? We have a process which has begun to evolve. You have the Arthur D. Little reports that have credibility and objectivity, although they are desk audits. I think we should examine these audits because the company itself is indicating what its performance is back here, and it is in a computer. We know where they were 3 years ago, and we can determine their progress from that.

We should consider that as a part of this process, I would suggest. The other is the non-self-serving type of audit. I think that happened in the case of Ford with the Institute of Race Relations. I can see it done not only by that group but other groups that might be approved or commissioned.

It might eventually come to the place where something like a social audit, an auditing firm can begin to develop that. Three hundred companies could have reports that we know we can expect each year, and a public presentation of that audit.

The third would be, I think, an in-house, and that is where the workers and the new expansion of the principles do two things. First, they require that companies now move toward blacks at every level of employment in the company so that blacks are not at the bottom of the bag of beans.

They require that blacks be moved to every level of employment. The second is that the company agrees to discuss the implementation of the principles with representative groups of black and nonwhite employees several times a year in the company. So that black employee himself knows—and this is new, only 4 months old—but in the next Arthur D. Little report we are requiring as a basic requirement for a company to be in the A group, if there is an A group, and there might not be put a B group because I don't know where an A is—but to be in group No. 1, they are complying with that request because then the worker himself will have a role as to whether something is happening in the implementation of the principles.

The final thing I would like to say, sir, is that possibly we might consider as we look at where we are a voluntary group of such standing and credibility—I mentioned this before—say to influence the participation of all American companies to perform the requirements, but still with the full and pronounced cooperation and support of the U.S. Government, including the sanctions and enforcement powers, maybe an executive order at some point. But there must be a pronouncement from the Government.

I am saying the Sullivan principles must become the American principles.

Mr. **Solarz**. Well, Reverend Sullivan, you have urged us to legislatively mandate the implementation of your principles. Supposing we were to adopt Mrs. Fenwick's suggestion and call another conference, and all of these people came together and supposing as result of that effort, 95 percent of the American firms doing business in South Africa signed up for your principles.

Under those circumstances, would you say that legislatively mandating the principles was no longer necessary because they all signed up? Or would you say that there is such a potential gap between signing the principles and implementing the principles that you still would need the backup of law in order to make sure that this would be more than a cosmetic acceptance of your principles?

Reverend **Sullivan**. I am stressing the urgency of support of the U.S. Government with all immediacy. Now, in the light of Sister Fenwick's proposition and concern, sure I would give consideration to a meeting of a kind that would have to be developed so that the companies can see the urgency of the situation and so the message can get through that something has to be done quickly by the companies, and those who are not on board get on board, but again, I think with the support of the U.S. Government somehow in a quasi-nature. Maybe the State Department can take a step prior to some type of legislation.

Mrs. **Fenwick**. They should call the conference.

Reverend **Sullivan**. Maybe all of these things we are saying are putting something together itself. But I am saying that if we do that, Mr. Chairman, if in 1 year's time or 6 or 8 months' time, if these principles are still nebulously implemented broadside, there is no question but what I will say we have gone as far as we could.

Mr. Solarz. Mr. Myers, you indicated that you felt that if the principles were legislatively mandated, they would be more effectively implemented. That clearly applies to the signing up of the companies. Does it also apply to their implementation?

Let us assume that tomorrow every one of the almost 300 firms signed up. Would you still be concerned about the effective implementation of the principles in the absence of a legislative mandate?

Mr. Myers. I think just analyzing the extent of performance after signature, you can say that a number of the companies who have signed have begun to move. But if you look at the total progress toward implementation of the Sullivan principles, signing of the Sullivan principles is very different from full implementation; and mandating signing is very different from mandating full compliance.

Mr. Solarz. I seem to be surrounded today by Baptist ministers. I have one on my right, one in front of me, and now I have one on my left. Before I am completely surrounded, I will yield to the gentleman from Alabama.

Mr. Buchanan. Thank you, Mr. Chairman. Since you said that, let me preface my question with the fact that when I was a small boy in daily vacation Bible school in the Baptist Church, I remember a course we had on heroes of our faith. It turned out that a good many of them who were our heroes were of your faith to begin with. [General laughter.]

That is the truth. But the rest of the truth is that in my own experience, I am afraid I will have to report that I haven't met many heroes, in or out of the Baptist Church. I really think we have one before us today who is a legitimate American hero and certainly one of the heroes of my faith.

Dr. Sullivan has made a contribution to the lives of the people of this country and to the hope of the future of this country that would be very hard to match. And when you add to that what he has done in Africa, I just think you, sir, are in the midst of a magnificent ministry.

Mrs. Fenwick. Hear, hear.

Mr. Buchanan. Anyone who is an American and anyone who is a Baptist will certainly claim you with great pride.

Mrs. Fenwick. Amen.

Mr. Buchanan. I would say the one thing that intrigues me, you say about 80 percent of the people but less than half the companies. Is that correct?

Mr. Buchanan. Is there anything special about the unsigned half or slight majority of the companies? You may have covered this ground.

[Mr. Solarz nods negatively.]

Reverend Sullivan. I hadn't given much thought to it, but let me respond to that. I said I thought approximately one-half of the companies that signed signed under duress, signed because someone, stockholder, some school, some fiduciary said you sign or we have a stockholder's proposal to divest, or some reason.

There were the larger companies that had the meetings. They are the more visible companies and they are the ones who have the largest numbers of employees as far as America is concerned. But there are many companies that do not have that many employees in America who are large in international efforts, maybe not in terms of their labor force, but in terms of their business.

So I think that is one factor. Some are more visible and, therefore, more prone to move because of public sentiment and consumer efforts and actions by stockholders, which I have endorsed because I believe in selective divestment from companies which do not support these kinds of efforts. I think that is one factor and a very major one. In other words, they don't have to face the music.

But if the Government somehow intervenes, everyone will have to face the music. That is where we are, if somehow or other they can see it coming on the horizon. If they don't see it coming on the horizon, at one point they will have to face the music. That is what you are saying.

Mrs. **Fenwick**. That is what I am saying exactly.

Mr. **Buchanan**. I think I get your message loud and clear. If we can decide exactly how to do what you propose, it certainly will make a great deal of difference. Thank you.

Mr. **Solarz**. Thank you.

I just have a few more questions. Reverend Sullivan, is it true a number of black South African leaders such as Dr. Mothlana, Chief Buthelezi and Bishop Tutu criticized the Sullivan principles in the aftermath of the Ford strikes? Are you aware of any such criticism?

Reverend **Sullivan**. I am pretty sure there might have been. In fact, I am sure there was some criticism in the light that the principles were not effecting the changes fast enough in the company as the spirit of them said they should or the word of them said they would. That would be a criticism I would have of the principles.

The criticism I have of the principles is they are there but they are not moving fast enough.

Mr. **Solarz**. So your impression is they were criticizing the failure of the companies to implement the principles, not the ideas of the principles themselves.

Reverend **Sullivan**. I would think so.

Mr. **Solarz**. Mr. Broderick and Mr. Taylor, are both of your companies in South Africa making a profit?

Mr. **Broderick**. Our company makes a profit some years and does not in other years. In 1979 we lost money.

Mr. **Taylor**. Yes, we make a profit.

Mr. **Solarz**. If you were able to reinvest your incountry earnings but were prohibited from investing capital which was generated in our own country, would you be able to continue doing business in South Africa over the long haul?

Mr. **Broderick**. No.

Mr. **Solarz**. Why not?

Mr. **Broderick**. First of all, because the requirements for investment, for tooling and so forth, do not occur necessarily in the same cyclical pattern in which we make profits. There are years in which we lose money, like last year, in which we may have to spend $6 or $7 million for tooling and getting ready for new models and so forth.

I see no way that we can do the other than resort to some kind of external financing to meet those requirements.

Mr. GRAY. Would the gentleman yield?

Mr. SOLARZ. Yes.

Mr. GRAY. If my chairman would yield, was your response no?

Mr. BRODERICK. Yes.

Mr. GRAY. I noticed on page 3 talking about new American investments, you oppose it. But on page 5, then, at the top of page 5, you point out that most of your funding is primarily short-term borrowing from European subsidiaries.

Mr. BRODERICK. Local short-term borrowing and merchandise credits from European subsidiaries, yes.

Mr. GRAY. Do you consider that a part of the U.S. investment or is it coming from European——

Mr. BRODERICK. The point I was making——

Mr. GRAY. Let me just make my point.

Mr. BRODERICK. Yes.

Mr. GRAY. It seems to me if there isn't really new investment coming from Ford USA to Ford South Africa, and that is what page 5 seems to indicate, that a policy of no new investment seriously does not hurt the position of Ford South Africa.

Mr. BRODERICK. I call attention to my qualification there in parentheses, depending upon how investment is defined. I think it is fair to note that we would conceivably be subjected to the same criticism if we financed out of European sources as we now are on the sales to the military.

Mr. SOLARZ. I haven't really thought this particular question through, but given the fungibility of money, if you came to the conclusion that we should not facilitate new investment in South Africa, I don't know that we really would have accomplished much if we said, "no new investment if the money comes from the United States; but if you want to go out and borrow money from England, France, or wherever, then you can do that."

Mr. BRODERICK. My assumption is that, in other words, you would have to so define it as to restrict us from this kind of merchandise credits also. If that is the case, we could not operate.

Mr. SOLARZ. What about South African loans?

Mr. BRODERICK. We can't get them in sufficient volume to meet our needs.

Mr. SOLARZ. Does most of your new investment come from bank loans you get or from profits, your own internally generated resources, even from this country? In other words, if you were going to put $20 million into the Ford plant or to open up a new Ford plant in South Africa, would you borrow that money at the best rate you could, either from an American bank, a South African bank or a French bank, or would you take $20 million from your profits, say, in the United States and invest them in South Africa?

Mr. BRODERICK. It has been Ford's general practice and preference in investing anywhere to do expansion out of retained earnings. As you know, we are currently in a situation where we haven't much retained earnings, so there are circumstances in which we must borrow externally.

Mr. **Solarz.** What about you, Mr. Taylor?

Mr. **Taylor.** I can only answer for Rexnord. Within our present planning timeframe, which is about the next 3 to 5 years, we have a nonexpansionary program for South Africa. So I would say that we do not have any requirements for outside capital in that period.

Mr. **Solarz.** So a prohibition on new American investment would not require you to go out of business.

Mr. **Taylor.** Well, it is conceivable in the long range it might possibly, but I am talking about for the short term, no.

Mr. **Solarz.** Mr. Myers, would you let the committee know what the trends have been in American investment in South Africa over the last few years? Do you have that information?

Mr. **Myers.** It has as much reinvested earnings as new investments, with the exception of some major investments in mining. And even those may be made through joint ventures with South African firms which obtain financing in the case of the largest recent investment.

Mr. **Solarz.** Have you any precise figures?

Mr. **Myers.** In the last 2 years about half of the annual U.S. investment was reinvested earnings; the rest was new equipment.

Mr. **Solarz.** How much is that in dollar terms?

Mr. **Myers.** Between 1977 and 1978, the last years for which figures are available, U.S. investment went up $200 million.

Mr. **Solarz.** New American investment?

Mr. **Myers.** Including reinvested earnings.

Mr. **Solarz.** So you are saying $200 million in 1978?

Mr. **Myers.** Yes.

Mr. **Solarz.** And you are saying half of that, roughly, was reinvestment.

Mr. **Myers.** I believe that is right.

Mr. **Solarz.** So there was over $100 million of new investment as distinguished from reinvestment.

Mr. **Myers.** I think that is right. The Commerce Department would have the exact figures.

Mr. **Solarz.** Does anyone else on the committee have any other questions?

Mr. Gray?

Mr. **Gray.** I have no further questions; but I would like to make note, Mr. Chairman, since this is the first time the subcommittee has met since yesterday, since that time a very prominent member of this committee, a person who has had a distinguished career in the U.S. Congress, particularly on questions involving Africa, and who served at one time as chairman of this subcommittee, who led this Nation and this Congress in its concern for Africa, and who gave a tremendous amount of leadership on the question of Africa, really being a forerunner of many of the things being done now by this subcommittee and, indeed, by this Government and by this Congress, announced that he would be stepping down as a Member of Congress at the end of this session.

I just think it is appropriate that we acknowledge with grateful appreciation the leadership for nearly two decades by Congressman Charles Diggs on behalf of this Nation with regard to its African policy, and particularly in terms of his constituency.

So I wanted, Mr. Chairman, to make that acknowledgment, and I know other members of the committee join me as we wish Mr. Diggs well and thank him for the leadership he has provided for the Nation on Africa.

Reverend SULLIVAN. Mr. Chairman, may I just make one statement?

Mr. SOLARZ. Yes.

Reverend SULLIVAN. You asked me about bank positions and I wanted to get it in the record. This is our bank position, another phase getting ready to evolve.

> Until apartheid has ended and there is clear, tangible evidence and demonstration thereof, no United States bank shall make any further loans to the South African Government or its agencies and will give consideration only to specific, privately sponsored projects or programs developed in cooperation with blacks and other nonwhites which contribute to their social and economic advancement and equality and that do not support apartheid, until apartheid has ended.

I might indicate in the next month Ministers will be calling on banks all over the country, Government or not, to ascertain their position on this.

Mr. SOLARZ. I want to thank you, each of the members of the panel, if there are no further questions, for making a most useful contribution. I think this has been one of our most productive hearings.

Reverend Sullivan, you certainly have the admiration of every member in this committee for the great work you are doing.

The hearing is adjourned.

[Whereupon at 1:20 p.m., the hearing was adjourned.]

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# U.S. POLICY TOWARD SOUTH AFRICA

## U.S. Corporate Involvement in South Africa

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TUESDAY, MAY 20, 1980

House of Representatives,
Committee on Foreign Affairs,
Subcommittees on International
Economic Policy and Trade
and on Africa,
*Washington, D.C.*

The subcommittee met at 10:15 a.m. in room 2255, Rayburn House Office Building, Hon. Jonathan B. Bingham (chairman of the Subcommittee on International Economic Policy and Trade) and Hon. Stephen J. Solarz (chairman of the Subcommittee on Africa) jointly presiding.

Mr. Solarz. The hearing of the subcommittee will come to order.

Today, the Subcommittee on Africa and the Subcommittee on International Economic Policy and Trade will hold the second of three hearings concerning the issue of American corporate involvement in South Africa. These three hearings are part of an extensive set of hearings which the Africa Subcommittee has been holding on our Nation's policy toward South Africa.

At the core of the American role in South Africa are some of the largest companies in the United States. More than half of Fortune's "top 100" companies in the United States have South African subsidiaries. Our Nation's direct and indirect investment in South Africa is estimated to be over $5 billion, and this investment has served as a stimulus to trade. U.S. trade with South Africa has increased regularly during the last decade, and at present, the United States is South Africa's second largest trading partner.

At our last hearing we focused on the Sullivan principles, which seek to insure equal employment opportunities and genuine prospects for advancement for nonwhite employees of American companies in South Africa.

During that hearing Rev. Leon Sullivan indicated that only 137 of the 350 American corporations doing business in South Africa had signed his principles, and that despite the progress being shown by many of those signatories, he was far from satisfied with their overall performance. He said, and I quote, "The signatory companies can and must do much, much more." Reverend Sullivan also stated that the principles need the full support of the U.S. Government, and endorsed legislation requiring all America companies to participate and comply with the principles.

On the other hand, the two corporations that testified last week, like most American companies operating in South Africa, insist that the principles are working fairly well and they oppose passage of any legislation enacting the Sullivan principles into law. They argue that such legislation would be difficult to monitor, might conflict with South African law, and could cause some American concerns to draw back on their commitments to equal opportunity.

At today's hearings we will continue our discussion of the Sullivan principles and their effect on South African labor practices. We will examine the role of American business in bringing about racial reform and social change in South Africa. We will also examine the role of the corporate community in effectuating changes in the working conditions of nonwhite employees.

The subcommittee is also interested in the effects which a law banning new investment and bank loans would have on American corporations and the South African Government. In addition, would such a congressional initiative have a catalytic effect in slowing down or terminating banking and lending activities by other foreign donors?

To help us explore these questions today, we have invited four prominent members of the U.S. business community to testify. Our four witnesses are: Everett S. Checket, vice president of Mobil Oil; Fred G. Haubold, director of overseas relations for General Motors; George J. Vojta, executive vice president of Citibank; and William M. Kelly, vice president of the Coca-Cola Co.

I am going to ask each of you gentlemen, all of whom have submitted rather substantial statements, to please summarize your testimony to 10 minutes so that we can reserve the maximum amount of time for questioning by the panel.

I understand that Mr. Checket has to catch a plane somewhere, so we will ask him to begin the testimony.

Mr. Checket.

## STATEMENT OF EVERETT S. CHECKET, VICE PRESIDENT, MOBIL OIL

Mr. CHECKET. Thank you, Mr. Chairman. I apologize for having to leave. We are involved in an important matter which could affect energy throughout the world, and that is why I must get back.

My name is Everett S. Checket. I am vice president and director of Mobil Oil Corp. and executive vice president of its International Division.

I testified before this subcommittee in joint session with the Subcommittee on International Economic Policy and Trade on August 15, 1978. Our testimony today will in large measure be an update of what I said before. I will summarize my formal statement which was submitted for the record on May 16.

Mobil's internal practices and its outside activities in South Africa are designed to put an end to racial discrimination in all matters that touch Mobil in South Africa. Mobil is on record as against discrimination and in favor of providing equal opportunity for all.

I will first describe Mobil's employment practices in South Africa and then will go on to tell you about Mobil's activities in community affairs. As of December 1979, Mobil had 3,065 persons on the payroll in South Africa: 1,592 whites, 916 blacks, and 512 other nonwhites.

Mobil South Africa has a single salary structure applicable to all employees. We have established salary ranges for each group of positions for all employees. Individual salaries within each range are based on performance and length of time in the job. Every employee's performance is reviewed annually and salary increases are awarded on the basis of individual merit. This is company policy throughout Mobil.

As to Mobil's benefit plans, they are applicable on the same basis, to all employees regardless of race or sex. These include a pension plan, a disability retirement plan and sick leave plan, assistance for purchasing a home, and an educational assistance plan covering reimbursement for tuition and related instructional expenses for employees and for members of their families.

Commencing in 1972, we intensified plans for the recruitment, training, and development of nonwhites with very positive results. Blacks in skilled and first-level supervisory and administrative positions have increased from 50 persons in 1972 to 437 persons in 1979; in the higher levels of supervisory positions, from 7 to 33. Nonwhites in first-level supervisory positions increased from 163 in 1972 to 691 in 1979 and at the more senior supervisory levels from 22 to 186.

By the end of 1979, for the first time, two nonwhite employees, one black and one colored, had entered senior management positions in Mobil South Africa and seven other nonwhite employees had entered its middle management ranks. In 1980, also for the first time, 11 nonwhites were supervising whites in Mobil South Africa's operations—10 in the Durban refinery and one in Cape Town.

Mobil in South Africa has put into effect a coordinated system of training, education, and advancement which we believe to be unsurpassed. From late 1978 and up to the end of 1979, 749 nonwhites were given training to upgrade their skills and to prepare them for promotion.

Let me cite some of the results that have been achieved:

Four of our depots are being completely staffed by nonwhite employees, including the position of depot manager. Of the depot managers, two are black, one is Asian, and one is colored. Another colored depot manager is scheduled to assume his position during the next quarter of this year.

All Mobil's terminals and depots are more than 90 percent staffed by nonwhites compared with an average of 60 percent in 1972.

Today 90 percent of Mobil's Durban refinery operators, who have a very skilled and responsible job, are nonwhite; in 1972 90 percent of the operators were white. There are 86 refinery operators; 77 are nonwhite; 31 are black.

Of Mobil's 232 drivers of heavy-duty tank trucks in South Africa 222 are nonwhite (172 blacks), while in 1972 they were all white. In addition to dealing with valuable cargoes, these employees handle cash and delivery documents in their direct dealings with thousands of customers.

In the laboratory facilities at our Durban refinery, 22 employees out of a staff of 29 are nonwhite.

In the technical field, seven nonwhite instrument apprentices at the Durban refinery in 1979 successfully passed their Government trade tests to become full-fledged instrument technicians, jobs previously held only by whites.

We have an intensive program covering 45 selected trainees, 24 blacks and 21 other nonwhites, who are being trained for supervisory positions such as foremen, stillmen, depot managers, district sales managers and for senior clerical positions. We expect the first appointments out of this group to be made in June 1980, ahead of our original target.

As to labor unions in South Africa—in the South African oil industry neither white nor nonwhite employees have so far elected to establish unions. Nonetheless, Mobil has made it clear to all its employees that it is not opposed to the establishment of unions, and has communicated this policy to all its employees in a memorandum published in the affiliate's house organ and posted prominently on employee bulletin boards.

Looking to the future, we intend to continue the programs that I have described; we intend to continue to move blacks and other nonwhites into higher levels of the organization. We are assisting and encouraging nonwhites to acquire skills requisite for these higher positions.

This has been, in brief, a picture of Mobil's employment practices in South Africa. Before going on, I'd like to talk about the Sullivan Committee and its statement of principles.

As I stated in 1978, Mobil was one of the original 12 signatories to the Sullivan statement of principles, and, in fact, had been adhering to and putting into operation most of the principles long before they were formally announced by the Sullivan Committee. In the nearly 2 years since I last appeared here, the Sullivan Committee has expanded and has made significant progress.

In a recent letter from Dr. Sullivan to Mobil, he says that: "From the information I have received, U.S. companies are leaders in enlightened labor practices and activities to improve the quality of life for workers."

Mobil has recently published for all its employees a summary of the Sullivan code as well as the subsequently promulgated European Economic Community code, the South African Urban Foundation code, the Cape Town Chamber of Commerce code, the South African Council of Churches code and the Canadian code for the information of all of its employees. A copy of this publication is attached to my formal testimony.

These other codes bear witness to the strong influence exerted by the Sullivan principles beyond their initial purpose of causing American companies to look to and change their employment practices. The Sullivan principles have had a chain reaction throughout the South African economy. They have had an important impact, through South African organizations, on South African companies, and, through the European Economic Community, on the European companies.

Mobil believes that formal education and skills training are the keys to improving the quality of life in South Africa, and is giving substantial support to South African educational institutions. In 1979, we contributed $663,000 to education, 63 percent of that amount to educational institutions and programs benefiting blacks; another 10 percent to institutions and programs benefiting other nonwhites.

One of the educational projects we will be involved in in 1980 is related to improving literacy and comprehension skills through language laboratories. Stemming from an initial installation of a reading laboratory at Stellenbosch University we have steadily expanded this program over the past 2 years into eight other universities at a cost of $240,000, and we now plan to expand it in 1980 by a further 60 units into black teachers training colleges throughout the country.

Because there is a shortfall in technical skills, particularly among blacks, Mobil has a continuing interest in the newly completed Mangosuthu College for Technical Education in Kwazulu, to which it donated $180,000 in 1979. Mobil also supports 29 other nonwhite colleges and technical institutes in South Africa.

I should now like to tell you about some of Mobil's community activities.

Mobil has been actively involved in an organization known as Build a Better Society, or BABS. Our involvement is based on the belief that people in need—of any race—are most receptive to those who seek to help them help themselves. At the outset of our involvement in urban nonwhite communities, we experienced considerable local resistance from people who felt that Mobil's representatives might be patronizing. When it was realized, however, that we were sincerely interested in learning what their concerns were and in doing something about them, a mutuality of interest developed between the community leaders and Mobil.

The principal aim of the BABS program has been to establish a model community of 1,500 family units in Kewtown, a colored suburb of Cape Town. This project has continued to make steady progress and the inhabitants have now organized for themselves a variety of community affairs such as preschool activities, garden clubs, handwork groups, ballet and dancing clubs, and the like. Fundraising activities are under way to achieve further improvements in the community.

Mobil, in collaboration with local architects, has now submitted plans for another model urban rehabilitation and renewal project in the Kewtown area which will provide 50 new individual housing units and a community center at an estimated cost of $800,000. The project is now going through the final stages of approval by the Cape Town City Council.

Additionally, Mobil has budgeted another $1.2 million for a special community project in an urban black area either in Johannesburg or in Kwazulu.

Mobil is involved in assisting the development of black entrepreneurs both inside and outside its own organization.

Operating a service station is running a small business. Currently, 132 Mobil service stations are being operated by nonwhite entrepreneurs—51 blacks, 48 Asians, 33 colored—and they are independent businessmen solely responsible for how their businesses are carried on and for the profit or loss results. Mobil has an investment of $13 million in these 132 nonwhite dealerships, and during 1980 we plan to invest a further $2.5 million to cover the construction of another 15 stations for nonwhite operators.

Mobil is also interested in the training and development of black businessmen outside its own organization. In this regard, it is a strong supporter of two organizations, the National Development and Management Foundation, and the National African Federated Chamber of Commerce or NAFCOC. Both organizations conduct training programs to improve and develop black business managerial skills from the lower middle to senior management levels and to improve conditions for the growth of black business. NAFCOC has seven black Chambers of Commerce affiliated with it and has a total membership of approximately 10,000 firms.

Last time I reported to this committee, I stated that Mobil had been singled out in 1978 for an award of merit by NAFCOC because of what NAFCOC called Mobil's enormous contribution to the development of black entrepreneurship in South Africa. At their 1979 Congress, a further award was made by NAFCOC to Mobil in recognition of our ongoing support of its scholarship program in the fields of accountancy and commerce—two fields in which blacks are not yet operating in anything like sufficient numbers.

In South Africa, Mobil has particularly favored special projects, which once established, generate their own expansion, motivate the self-involvement of the community, and attract the support of other sponsors. In my formal testimony nine specific examples of these projects are described, but time does not permit recounting them now.

I will only say that among these projects is a low-cost self-help homebuilding scheme which shows low-income people how they can build their own houses for less than $10,000; community health projects; programs that aid the deaf and blind and disadvantaged among the nonwhite population; a project for ethnic integration in the South African Boy Scouts Association; dissemination of agricultural information in black rural areas; research to increase fresh water fish production in black areas; and elaborate recreation programs designed to encourage multiracial participation in sports.

I must not conclude without mentioning the Urban Foundation. Mobil is a founding member of the foundation, which was established in South Africa in late 1976, and to date, Mobil has contributed $335,000 to its programs. The foundation has a multiracial board of directors; and it seeks to apply the resources and skills of the private sector to the solution of urban problems faced by blacks.

The foundation today has funds available from company contributions and bank loans in excess of the amount of $60 million. The membership of the foundation has grown from 100 member corporations when I last reported to you to 209 corporations by April 1980.

The Urban Foundation has spearheaded home improvement and home ownership and leasehold for blacks in urban areas; it has improved community facilities such as community centers, nursery schools, and play schools; and it has constructed schools and provided additional classrooms in the squatter areas. It has also conducted a program for adult education and a campaign to emphasize the importance of changing employment practices.

I hope you will agree after considering my testimony—including what I have said and what is in my formal submission—that economic opportunities for nonwhites are opening up in South Africa and that there is a growing emphasis on training and education of nonwhites to qualify them to take advantage of these new opportunities.

In our view, economic growth and education are the critical needs of South Africa's nonwhite population. We believe progress is being made in both fields, but believe that the pace of change will be accelerated. The key to that acceleration is a vigorous, growing economy and training for blacks and other nonwhites to participate in that growth.

Utimately, we believe that offensive apartheid policies will disappear and that the quality of life and economic prospects for South Africa's blacks and other nonwhites will be enhanced. W believe that the policies and programs of Mobil and other American companies are having a strong influence on the South African environment and are making a substantial contribution to the changes that are under way.

[Mr. Checket's prepared statement follows:]

## PREPARED STATEMENT OF EVERETT S. CHECKET, VICE PRESIDENT OF MOBIL OIL CORP.

My name is Everett S. Checket. I am Vice-President and a Director of Mobil Oil Corporation, and Executive Vice-President of its International Division. I am responsible for Mobil's manufacturing and marketing affiliates in close to a hundred countries including about 40 countries of Africa, - among them the Republic of South Africa.

I testified before this Subcommittee in joint session with the Subcommittee on Economic Policy and Trade on August 15, 1978. My testimony today will in large measure be an updating of what I said before together with answers to questions posed in Chairman Solarz's letter of April 15, 1980.

I will begin with a description of Mobil's business in South Africa.

Mobil commenced operations in South Africa in 1897 when a predecessor company, a United States corporation, established a branch in what was then the British Cape Colony.

Today, Mobil is engaged in South Africa, through subsidiaries, in refining crude oil, manufacturing and blending lubricants and marketing petroleum products. The level of Mobil's investment in

South Africa is in the neighborhood of $450 million. Its principal subsidiaries, both incorporated in South Africa, are Mobil Oil South Africa (MOSA), a marketing company, and Mobil Refining Company Southern Africa (MOREF).

MOSA, with its headquarters in Cape Town, is engaged in marketing a full range of petroleum products (fuels, lubricants, asphalt and special products -- also international jet fuels and international bunkers). MOSA owns or supplies approximately 1,060 service stations and, in 1979, held an estimated 21% of the South African inland market for all products.

MOREF owns a 100,000 b/d refinery at Durban, also a 32.9% equity interest in a company which owns a lube oil refinery adjacent to MOREF's fuels refinery.

Mobil carries on other operations in South Africa (such as asphalt manufacturing, road surfacing, marine and insurance activities), but they are minor compared with those already mentioned, and I will not go into detail about them. The policies of Mobil's minor affiliates are the same as those of its major affiliates.

Both Mobil's internal practices and its outside activities are designed to put an end to racial discrimination in all matters that touch Mobil in South Africa. Mobil is on record in South Africa as against discrimination and in favor of providing equal opportunity for all. Mobil's position was made clear in the seminal address in October, 1976 of the then Chairman of Mobil's subsidiaries in South Africa, W. F. Beck, to the Business Outlook Conference of the National Development and Management Foundation which was attended by the top leadership of the South African business community. Mr. Beck, who was then also President of the Foundation, called for equal pay for equal work irrespective of race, a living wage for all -- and training and development to uplift the productivity of all races. He urged that all men, regardless of race, be permitted to do business in any area of the country and that all men, regardless of race, be permitted to live and own property wherever their earning abilities would allow. This speech which was considered to be remarkable at the time - received much favorable comment in the South African press and television.

Mobil in South Africa

Now, let me be more specific. I will first describe Mobil's employment practices in South Africa and then will go on to tell you about Mobil's activities in community affairs.

As of December, 1979, Mobil had 3,065 persons on the payroll in South Africa: 1592 whites, 961 blacks and 512 other non-whites.

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Mobil South Africa has a single salary structure applicable to all employees. We have established salary ranges for each group of positions for all employees. Individual salaries within each range are based on performance and length of time in the job. Every employee's performance is reviewed annually and salary increases are awarded on the basis of individual merit.

Compared with national salary averages, our black employees earn more than twice the national black average. On the other hand, our whites earn some two-thirds more than the national average. Mobil's minimum starting salary is based on research information published by an independent panel of social scientists from the University of Port Elizabeth. The panel determines, on a realistic basis, the minimum income necessary to sustain on a subsistence level the six-member family of an urban unskilled worker. Mobil's lowest starting salary is 1½ times the panel's minimum level.

As to Mobil's Benefit Plans, they are applicable on the same basis, to all employees regardless of race or sex. These include a pension plan, a disability retirement plan and a sick leave plan, assistance for purchasing a home, and an educational assistance plan covering reimbursement for tuition and related instructional expenses for employees and for members of their families.

Commencing in 1972, we intensified plans for the recruitment, training and development of non-whites with very positive results.

From the standpoint of recruiting and orientation, we have increased the proportion of blacks in our work force who have attended, at least for a time, the South African equivalent of high school. Today, just under 70% of our black employees have attended high school, as compared with half that percentage seven years ago. Improved educational qualifications, coupled with comprehensive orientation and skills training, have yielded impressive results. Blacks in skilled and first-level supervisory and administrative positions have increased from 50 persons in 1972 to 437 persons in 1979; in the higher levels of supervisory positions, from 7 to 33. Non-whites in first level supervisory positions increased from 163 in 1972 to 691 in 1979 and at the more senior supervisory levels from 22 to 186.

By the end of 1979, for the first time, two non-white employees had entered senior management positions in Mobil South Africa and seven other non-white employees had entered its middle management ranks. In 1980, also for the first time, 11 non-whites were supervising whites in Mobil South Africa's operations - 10 in the Durban Refinery and one in Cape Town.

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This achievement reflects a strong commitment by Mobil's management in South Africa to equal employment opportunity and to its willingness to take affirmative action in order to achieve significant results. In bringing about this upgrading of the non-white work force -- which applies about proportionately to blacks, Asians and coloreds -- Mobil in South Africa has put into effect a coordinated system of training, education and advancement which is unsurpassed by any of our other affiliates, whether operating in advanced nations or in the less developed countries. One out of every two non-whites participates each year in at least one instructional program of a technical nature. Two out of every three non-white employees are involved in a monitored on-the-job training experience every year.

From late 1978 and up to the end of 1979, 749 non-whites were given training to upgrade their skills and to prepare them for promotion.

Our program in South Africa for upgrading the skills and productivity of non-white employees coincided in 1972 with the planned re-design and rebuilding of our marketing organization -- particularly its terminal, depot, warehouse and vehicle operations, as well as its accounting and office services. Job enrichment, job enlargement and the establishment of "professional ladders" have facilitated recognition of improved performance by all employees. This reorganization involved 120 marketing installations around the country, office services and accounting and data processing staffs in a dozen locations.

Let me cite some of the results that have been achieved:

- As a result of the development of our non-whites, and the upgrading of skills, all terminals and depots are more than 90% non-white staffed compared with an average of 60% in 1972.

- A number of our depots are being completely managed by non-white employees, including the position of depot manager.

- 222 of Mobil's 232 heavy duty tank truck drivers in South Africa are non-white while in 1972 they were all white. These employees are responsible for the safe transportation of potentially dangerous and flammable cargoes and, in addition, they handle cash and delivery documents in their direct dealings with thousands of customers.

- Today, 90% of Mobil's Durban Refinery operators (who have skilled and responsible jobs) are non-white; in 1972 90% of the operators were white.

- Non-whites now hold virtually 100 percent of the jobs related to the storage, handling and distribution of speciality products such as LPG, asphalt and lubricants at all our major terminals.

- In the laboratory facilities at our Durban Refinery, 22 employees out of a staff of 29 are non-white.

- In the technical field, seven non-white Instrument Apprentices at the Durban Refinery, in 1979, successfully passed their Government Trade Tests to become full-fledged Instrument Technicians. These technicians maintain and repair temperature, pressure, water-level gauges and automatic flow and shut-off valves essential to the operation of our Durban Refinery. This was a first time accomplishment for Mobil because, previously, the position of Instrument Technician was held only by whites.

- We have an intensive program covering 45 selected trainees (blacks, coloreds and Asians) who are being trained for supervisory positions such as foremen, stillmen, depot managers, district sales managers and for senior clerical positions. This program is progressing satisfactorily, and we expect the first appointments out of this group to be made in June, 1980 - ahead of our original target.

As to labor unions in South Africa: -- In the oil industry neither white nor non-white employees have elected to establish any unions at all; but Mobil would not oppose the establishment of unions by its employees. On the contrary, we have subscribed to the Urban Foundation Code of employment practices which, among other things, recognizes the rights of workers to join unions, to bargain collectively, to strike and to be free from victimization resulting from the exercise of these rights.

In the June 1979 edition of MOSA's in-house magazine "The Mobil Monitor", which is distributed to all employees, the Chairman made the following statement (in English and in Afrikaans):

> "We at Mobil join with the majority of all South Africans in welcoming the recommendations made by the Wiehahn and Riekert Commissions on labor relations, and we fully subscribe to their conclusion that a fair deal must be assured for all work-seekers/employees in South Africa.
>
> "As chairman, I wish to confirm that in respect of the principle of freedom of association in matters of employee membership of trade unions, the company regards the free choice of the employees to organize and participate in trade union activities as a personal decision over which it has no jurisdiction, nor does it seek to influence an employee's decision.
>
> "We know that far too much of South Africa's manpower potential has so far remained unproductive - not through unemployment, but through underdevelopment; not because men are out of work, but because, one might say, their potential skills are not at work. This is particularly true of the non-white labor force.

"Mobil has tried in a variety of ways to ensure that those who work for us will benefit from their employment, both financially and by getting a chance to develop their abilities as fully as possible. We think we have reason to be proud of our record in this regard whilst recognizing that more remains to be done.

"Mobil has a single salary structure for all its South African employees, regardless of race and sex, and all employees share in common benefit schemes, which places them well above the national average in terms of total renumeration.

"But it is not only a matter of employing and paying staff: we have taken positive steps to raise the skills of our employees through a co-ordinated system of training, education and advancement, which I personally believe is unsurpassed by any of our associate companies in other countries. Job enrichment, job enlargement and the creation of "professional ladders" nave also contributed to giving better recognition to improved performance by our employees.

"As we can only be as strong as the community in which we operate, we are contributing substantial financial aid towards meeting the critical need for higher education among both white and non-white South Africans. Of our contributions budgets for 1978 and 1979, a total of $1,039,400 was allocated to education, the larger portion to non-white education, recognizing that positive and affirmative action is required in this area.

"We believe the recommendations made by the two commissions could herald a new era in labor relations in South Africa. We share the convictions of the commissioners in this regard. We have tried, and shall continue to try, to match our efforts to our convictions."

Furthermore, with the encouragement of Mobil Management, Black Liaison Committees have been established at all Mobil's installations where a significant number of blacks are employed. The members of these committees are elected by their colleagues and maintain a regular dialogue with management on all matters relating to conditions of employment.

Looking to the future, we intend to continue the programs that I have described and to consolidate the results that have already been accomplished. We intend to continue to move blacks and other non-whites into higher levels of the organization; but a great deal needs to be done, educationally, to equip them with the requisite skills -- whether in engineering, in marketing or in finance. We are assisting and encouraging non-whites to acquire those skills.

This has been, in brief, a picture of Mobil's employment practices in South Africa. Before going on, I'd like to talk about the Sullivan Committee and its Statement of Principles.

## The Sullivan Committee

As I stated in 1978, Mobil was one of the original 12 signatories to the Sullivan Statement of Principles, and, in fact, had been adhering to and putting into operation most of the principles long before they were formally announced by the Sullivan Committee. There are now 137 U.S. companies that have subscribed to the six Sullivan Principles including "the overwhelming majority of major U.S. firms" that operate in South Africa. A Task Group has been established to implement each of the six Principles. A number of Mobil executives have been continuously working with the Sullivan Committee to see that the Principles are made effective in South Africa. A Mobil manager in New York is the Chairman of the Sullivan Committee's Management Development Task Force (Task Group V), which has established guidelines and programs for selecting and training non-whites for management and supervisory positions in South Africa. A counterpart to Task Group V, also chaired by a Mobil manager, was established in South Africa and is charged with carrying out those guidelines and programs. Progress has been made to the extent that it was able to report that the first year's objectives set by Dr. Sullivan have been met. In addition to regular written reports, visits to South Africa to monitor Task Group V progress are made twice a year by Mobil's Task Group Chairman from New York in order to provide guidance and assistance throughout the year. Frequent visits are made by the other Task Group Chairmen as reported at periodic meetings of the Sullivan Committee.

In a recent letter from Dr. Sullivan to Mobil, he says that

> "From the information I have received, U.S. companies are leaders in enlightened labor practices and activities to improve the quality of life for workers..."

Mobil has recently published a summary of the Sullivan Code as well as the subsequently promulgated European Economic Community Code, the South African Urban Foundation Code, the Cape Town Chamber of Commerce Code, the South African Council of Churches Code and the Canadian Code for the information of all of its employees (Attachment A). These other codes bear witness to the strong influence exerted by the Sullivan Principles beyond their initial purpose of causing American companies to look to and change their employment practices. The Sullivan Principles have had a chain reaction throughout the South African economy. They have had an important impact, through South African organizations, on South African companies and, through the European Economic Community, on the European companies.

## Mobil's Support for Education

Mobil believes that formal education and skills training are the keys to improving the quality of life in South Africa, and is committed to giving substantial support to South African educational institutions.

Approximately 63% of MOSA's 1979 contributions towards education ($663,000) went to educational institutions and programs benefitting blacks; 2.6% to Asians; 7.3% to coloreds; 10.6% to whites. The remaining 15.7% went to multi-racial schools and activities.

Mobil in 1979 contributed to the support of twenty-nine non-white colleges, technical institutes and multi-racial education programs. In 1980, Mobil will continue to support these same institutions.

One of the educational projects we will be involved in in 1980 is related to improving literacy and comprehension skills through language laboratories. We became involved in this project because in the course of supporting advanced technical education, we became aware of the need to upgrade the reading ability of many students who are entering technical courses. Stemming from an initial installation of a reading laboratory at Stellenbosch University we have steadily expanded this program over the past two years into 8 other universities at a cost of $240,000, and we now plan to expand it in 1980 by a further 60 units at a cost of $59,000 into black Teachers Training Colleges throughout the country.

Because there is a shortfall in technical skills, particularly among blacks, Mobil has a continuing interest in the newly completed Mangosuthu College for Technical Education in Kwazulu, to which it donated $180,000 in 1979. Mobil also supports a number of other non-white technical institutes in South Africa. In 1980, we will emphasize research in the fields of agriculture, zoology and medicine, but will also contribute to scholarships which assist young, predominantly black students in the fields of economics, commerce and science.

Because Mobil is interested in the development of fully-qualified engineers, Mobil supports a four-week "Winter School" held at white universities for several hundred high school seniors of all races who have plans to work toward college degrees in engineering. They attend, in multi-racial classes, a series of lectures and career orientation programs conducted by the South African Federation of Engineering Students (SAFUES) -- an organization of fourth year and postgraduate white engineering students who have volunteered to cooperate in this program. In addition to financial support, senior Mobil executives are involved in the direction of the Winter School and in the preparation of its program. Mobil believes that by continuing to support SAFUES and by supporting engineering programs at black universities, it encourages blacks to enter this field. As I said in 1978, the number of black engineering students is extremely small.

In order to encourage black students to select engineering as a profession, Mobil, together with the Federation for Professional Engineers, supports an engineering program at the University of the North, a black institution located in the Transvaal. We provide supplementary lectures and classroom work to prepare black students for their final two years of undergraduate engineering which are available only at a white university.

At Fort Hare University, the oldest black university in South Africa, Mobil is supporting a Chair in Agricultural Extension. The University agreed, conditional upon Mobil's financial support, to provide black faculty members who, in conjunction with the Department of Agriculture of the Ciskei, are undertaking to upgrade the agricultural skills of subsistence farmers to bring them into the cash economy.

## Mobil in the Community

I should now like to tell you about Mobil's community activities which are designed to improve the quality of life in South Africa for all races, and particularly for non-whites.

Mobil is heavily committed to the work of the National Development and Management Foundation. The Foundation has initiated a special project called "Advancement at Work", whose purpose is to expedite the development of employees of all races, but particularly blacks, by on-the-job training and upgrading of skills. This program is aimed at increasing the awareness amongst top management throughout

South Africa of the need for the better use of all forms of training facilities that are currently available and for the development of new courses and facilities.

Mobil is one of the main sponsors of "Advancement at Work". New sponsors are coming forward and the target figure of $610,000 for this project is expected to be achieved.

Very closely linked to the "Advancement at Work" project is Mobil's support for the activities taking place at the Chamdor In-Service Training Center in Johannesburg. Chamdor provides training in elementary and advanced secretarial skills, accounting, welding, automotive and electrical repair and maintenance.

Mobil has been actively involved in an organization known as "Build a Better Society", or BABS. Our involvement is based on the belief that people in need -- of any race -- are most receptive to those who seek to help them help themselves. At the outset of our involvement in urban non-white communities, we experienced considerable local resistance from people who felt that Mobil's representatives might be patronizing. When it was realized, however that we were sincerely interested in learning what their concerns were and in doing something about them, a mutuality of interest developed between the community leaders and

Mobil. In BABS, Mobil does not say "you must" or "what you need is", but rather its philosophy is to say "what do you want?" and then, "why not do something about it yourself -- we'll help".

The principal aim of the BABS program has been to establish a model community of 1500 family units in Kewtown, a colored suburb of Cape Town. This project has continued to make steady progress and the inhabitants have now organized for themselves a variety of community affairs such as preschool activities, garden-clubs, handwork groups, ballet and dancing clubs and the like. Fundraising activities are under way to achieve further improvements in the community. Ongoing links with the Cape Town City Council have been established for improvement of municipal facilities and services.

The BABS project which is a self-help scheme, was conceived as an urban renewal project. Mobil, in collaboration with local architects, has now submitted plans for another model urban rehabilitation and renewal project in the Kewtown area which will provide 50 new individual housing units and a community center at an estimated cost of $800,000. Negotiations with local government to implement the scheme are taking place and it is now going through the final stages of approval by the Cape Town City Council. When approved this will be the first time that the private sector has built houses for people other than their own employees. This reconstruction package will add a new dimension to the work already undertaken by Mobil through BABS since 1973.

Additionally, Mobil has budgeted another $1.2 million for a special community project in an urban black area either in Johannesburg or in Kwazulu.

A clear indication of the success that has been achieved so far is demonstrated by the spread of the BABS concepts into six other urban centers in South Africa namely, Saldanha, Port Elizabeth, East London, George and Beaufort West, and the involvement and support in the various programs of companies such as Anglo-American, Ford, the Urban Foundation and Municipal Councils.

## Black Entrepreneurs

One of the key elements in the Sullivan Program is the development of black entrepreneurs. Mobil is involved in assisting the development of black entrepreneurs inside and outside its own organization.

Operating a service station is like running a small business, and it has long been a goal of Mobil to put non-whites in charge of some of Mobil's service stations in South Africa. Currently, 132

Mobil service stations are being operated by non-white entrepreneurs (51 blacks, 48 Asians, 33 colored) - and they are solely responsible for how their businesses are carried on and for the profit or loss results. Mobil has an investment of $13 million in these 132 non-white dealerships, and during 1980 we plan to invest a further $2.5 million to cover the construction of another 15 stations for non-white operators. In addition to all the individual dealer training programs conducted by Mobil, a conference of Mobil black dealers was held in February of this year to discuss advertising, merchandising and sales promotional techniques and to exchange experiences. The positive reaction of the participating black dealers is described in the "Mobil Monitor"

Mobil is also interested in the training and development of black businessmen outside its own organization. In this regard, it is a strong supporter of two organizations, the National Development and Management Foundation, already referred to, and the National African Federated Chamber of Commerce (NAFCOC). Both organizations conduct training programs to improve and develop black business managerial skills from the lower middle to senior management levels and to improve conditions for the growth of black business. NAFCOC has seven black Chambers of Commerce affiliated with it. The Chambers are spread countrywide, including one in Namibia. The total membership is approximately 10,000 firms.

**Last time I reported to this Committee, I stated that Mobil had been singled out at the 14th National Congress of NAFCOC on July 5th, 1978 for an award of merit - a plaque inscribed as follows:**

> **"Presented to the Mobil Oil Company of S.A. Limited in Acknowledgement of their Enormous Contribution to the Development of Black Entrepreneurship in South Africa."**

**At their 1979 Congress, a further award was made by NAFCOC to Mobil in recognition of our ongoing support of its scholarship program in the fields of accountancy and commerce - two fields in which blacks are not yet operating in anything like sufficient numbers. Mobil provided 9 out of the twenty-eight scholarships in the NAFCOC program and was the largest single donor. Mobil has continued the funding for NAFCO'S two officers who are involved in training small black businessmen.**

**The Ma-Africa Taxi Ltd., established in 1978, is a company managed and owned by Soweto taxi owners. Mobil provided the guarantees whereby the Ma-Africa Taxi company received an unsecured bank loan to expand its operations to include a central garage in Soweto for maintenance and other ancillary facilities. In addition, Mobil donated the services of a senior financial executive who was seconded to the company for a four month period, and also provided management training for three of the company's six directors. Ma-Africa Taxi is**

another example of the combination of white business skills and black entrepreneurial initiative that Mobil seeks to encourage.

## Special Mobil Projects

In South Africa, Mobil has particularly favored the type of project, which once established, generates its own expansion, motivates the self-involvement of the community - and attracts the support of other sponsors.

Here are some examples:

- MOSA has contributed towards the development of a low-cost self-help home building scheme in South Africa. The project - launched in 1978 - is sponsored jointly by the company and the Natal post, a Durban newspaper. The scheme shows how low-income people can build their own houses using inexpensive materials and a minimum of skilled labor. An attractive two-bedroom house with a living area of approximately 770 square feet can be constructed for under $10,000, excluding the cost of the land. To help pioneer the concept, Mobil supervised the building of a prototype house on the grounds of Cheshire Homes in Durban; and, on completion, the house was donated to the Homes for use by one of their matrons.

- Mobil supports community health projects, among them a paramedic program for the Ciskei, in which doctors, nurses and medical students of the University of Cape Town make periodic visits to Ciskei to carry out surgery and give medical treatment and advice to ailing inhabitants in the distant rural areas. Mobil initiated, and was the sole financier of this operation which was begun last year.

- Mobil gives regular and substantial financial support to the Cape Eye Bank Foundation, and to St. John's Ambulance Community Health Foundation, which provides instruction and guidance in health methods and hygiene to black and colored townships.

- Mobil has established a specialized language laboratory for children at the Worcester School for the Deaf; and we have assisted the South African National Art Gallery to establish a multiracial Touch Art Gallery for the enjoyment of young blind children, familiarizing and stimulating the blind to such theoretical terms as form, function and movement in space.

- Mobil is the chief sponsor of a project called "Education Alive" in which maladjusted black children at a disadvantage in overcrowded schools in townships in the black and colored areas are selected for play-oriented extra-curricular studies to assist in their educational development.

- Mobil is the sole sponsor of an Ethnic Integration Project for the South African Boy Scouts Association in which scouts of different racial groups are brought together in camps and other situations as a way of helping to foster better communication and understanding between the races.

- Mobil is financing the completion of a cartographical survey of the Ciskei (a black farming area with a population of 500,000) that will provide meteorological, soil composition and topographical information as the basis for a comprehensive crop and animal husbandry plan.

- In 1973, a Freshwater Fish Research program was launched by the University of the North (the black university), related to the development of the fish population in 812 Lebowa dams. Mobil is a contributor. The research covers water utilization, production of fish and marketing. The University's Department of Zoology, is linked to national, regional and provincial committees on Fish Research. The aim of the research program is to build up supplies of fish in freshwater dams in these territories in order to increase food production and to offset the rapid rise in the cost of animal protein. It is planned that fish harvesting concessions will be allocated to black entrepreneurs in the various rural areas, thus encouraging black industry.

Our recitation of community activities would not be complete without mentioning one other project - the Mobil Soccer Foundation which was launched in 1978. Soccer has a large following in South Africa, both on and off the field. The game in South Africa is completely free of racial tones as recently recognized by a British Commission investigating South African sport. The control of the game has been in the hands of black sports administrators for the past two years.

The Mobil Soccer Foundation was particularly active during 1978 and 1979 importing overseas players. The imported players were involved in exhibition matches and in conducting coaching clinics throughout South Africa. In order to complement the coaching, it was decided to produce a soccer manual that the young player could use. The Mobil Soccer Coaching Manual was the result, -- 100,000 copies in full color were printed and distributed nationally. This manual proved highly successful. Not only were requests for copies received from all over South Africa, but from abroad as well, as far afield as Sri Lanka, the United Kingdom, Brazil, Colombia and the United States. The manual was serialized in a leading Sunday newspaper.

Through its soccer program, Mobil aims to reach a minimum of 15,000 young people and to involve referees and administrators as well. Special coaching clinics are being arranged for 300 soccer referees during the winter season of 1980.

The company's participation in sport has also been extended to the summer season. Following the same principle as in soccer, Mobil has arranged with several leading players and professionals in the Western Cape to begin cricket coaching clinics. All the cricket clinics are multiracial; two of the coaches are black players. Coaching clinics are being conducted at cricket grounds which have been traditionally white but are now "mixed"; and Mobil, through its clinics, is helping to break down long-standing prejudices. A cricket manual is on the drawing board and will follow the same design and format as the Mobil Soccer Manual. The Mobil Cricket Manual will be ready for use in September 1980.

## The Urban Foundation

Mobil is a member of the Urban Foundation, established in South Africa in late 1976. The then Chairman of Mobil's companies in South Africa was one of its founders and to date, Mobil has contributed $335,000 to the Foundation. The membership of the Foundation has grown from 100 member corporations when I last reported to you to 209 corporations by April, 1980.

The Foundation has a multi-racial Board of Directors composed of outstanding business, community and educational leaders; and it seeks to apply the resources and skills of the private sector to the solution of urban problems faced by blacks. Drawing on the consultative services of white and black community leaders, the Foundation has undertaken projects in the areas of housing, education and community facilities. The Foundation today has funds available from company contributions and bank loans in excess of the amount of $60 million.

The Foundation has attracted some of the outstanding leaders of South Africa's private sector and, with their experience and guidance, is able to gain the co-operation of national and local Government on much needed developments.

In the field of housing - one of the most troublesome problem areas for blacks in South Africa - the Urban Foundation has spearheaded home-improvement and home-ownership and leasehold for blacks in urban areas. It has improved community facilities such as community centers, nursery schools and play schools; and it has constructed schools and provided additional classrooms in the squatter areas. Through its program for adult education and its campaign to emphasize the importance of changing employment practices, the Foundation has come to realize the critical need to supply blacks with technical skills, and it intends paying particular attention to this problem.

By the end of the first quarter of 1979, the Foundation had spent a total of $1,132,900 on its various projects, 31% on housing, 29% on education, 25% on community facilities and 10% on health services. Using its resources and manpower, the Urban Foundation will continue its role in South Africa in improving the quality of life for all.

Let me turn now to the progress that has been made during the last eighteen months in eliminating racially discriminatory laws and regulations in South Africa:

## The Changing Environment

Since the middle of 1978, the following changes and relaxations of restrictions have occurred:

(a) The much discussed proposals for the complete electrification of Soweto are now under way. By the end of 1982, this project will be completed at a total cost of $190 million.

(b) Mitchells Plain, a huge housing development for Cape Town's colored population, is entirely financed through Government funds, the total cost to be about one-half billion dollars. By 1985, there will be approximately 50,000 2 and 3 bedroom units - and they are currently being completed at the rate of 1000 units per month.

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(c) Medical University of South Africa (MEDUNSA), a new medical and dental university for blacks will be expanded over the next 3 years at a cost of $100 million.

(d) During the Parliamentary debate on South Africa's budget for the Department of Cooperation and Development on May 7, 1980, Minister Koornhof announced proposals to eliminate all statutory discrimination and to allow equal participation in the South African economy for all races - proposals that in other days would have been politically impossible.

(e) Ninety-nine year leaseholds for urban blacks have been approved in terms of which such blacks may acquire land for building homes;

(f) Permission has been granted for the registration of mortgage bonds over black leasehold land, thus allowing Building Societies to advance monies to blacks for home building purposes;

(g) New black education legislation, which has been submitted to Parliament in this session and is now in its second of three readings, will provide free primary and secondary tuition and text books for black school children. Initially, school attendance will be compulsory for the first four years, and eventually, for the full period of secondary education.

(h) Permission has been granted to increasing numbers of black children to attend white private schools, and

(i) Restrictions have been lifted on black artisans in the building industry so that they may now carry out skilled work in white, colored and Indian areas.

In the field of employment and in the business sector, progess has been made as a result of the findings and recommendations of the Wiehahn and Riekert Commissions of Enquiry into labor matters. These Commissions were established in mid-1977. The Wiehahn Commission investigated 12 Acts of Parliament which specifically deal with the employment and training of workers of all races. The Riekert Commission made a detailed examination of the institutional framework of the labor market in South Africa and all legislation which affects the utilization of manpower.

Several recommendations of each commission have already been accepted, and others are under consideration by the Government. In fact, within a matter of weeks of the Wiehahn Commission issuing its first report in mid-1979, the Industrial Conciliation Act was amended by Parliament to give effect to some of the Wiehahn Commission's recommendations.

The progress made to date in implementing these recommendations may be summarized as follows:

The Wiehahn Commission

As recommended in the Commission's report, the Government has taken the following action:

(i) A multi-racial National Manpower Commission has been established. This is an advisory body for all matters affecting manpower utilization in South Africa. It is composed of representatives of the State, employers, employees and unions. Mrs. Lucy Mvubelo of the National Union of Clothing Workers is a member of this Commission as are Mr. S. Motsuenyane of NAFOC, Mr. J. B. Mgwaza of Huletts Sugar Ltd. and Mr. Z. M. Jkavula of Prolux Paints.

(ii) An industrial court under the Presidency of Prof. Wiehahn has been created. This tribunal deals with disputes involving conflicts of rights, the interpretation of labor laws, unfair dismissals and changes in the conditions of employment, as well as questions of the legality of strikes, lock-outs and boycotts.

(iii) Blacks have been granted the right to become members of registered trade unions.

(iv) Those provisions of the Industrial Conciliation Act which reserved specified jobs for specific race groups have been abolished; and three of the five job reservation orders that were still in existence when the Commission reported have been abrogated. The remaining two reservations which affect very few people are expected to be lifted in the near future.

(v) Discrimination between the races with regard to benefits payable under the Unemployment Insurance Act have been eliminated.

(vi) The principle that apprenticeships should be open to all races in all areas has been accepted.

(vii) Also accepted has been the recommendation that the strict enforcement of separate facilities for different race groups in factories and offices should be relaxed, and the employers and employees should be left to regulate such matters by mutual agreement.

## THE RIEKERT COMMISSION

In contrast to the Wiehahn Commission, the Riekert Commission's investigations went beyond the workplace to cover a wide variety of legislation which affects the daily lives of blacks in South Africa.

Because of the broad scope of the Commission's recommendations, their implementation, which will involve the drafting of several comprehensive new statutes, cannot be achieved very promptly.

The Government has, however, accepted the need for a single, consolidated statute to deal with all employment and industrial training matters. This act will not differentiate between the various race groups. The Government has also accepted the need for a single act to provide for the development of black urban and rural communities.

In our opinion, the Government's acceptance of the following recommendations of the Riekert Commission is indicative of its acceptance of the necessity to do away with discrimination and to improve the position of blacks in South Africa:

(i) the repeal of Section 20A of the Black Labor Act, 1964, which empowers the Minister to prohibit the performance by blacks of specified work under certain circumstances or the employment of a black person;

(ii) the ultimate basing of influx control only on the availability of jobs and housing and its application to all races;

(iii) a recognition of the economic necessity for urban blacks to be able to move between urban areas in different parts of the country in response to economic opportunity, provided only that they have a job and housing is available;

(iv) the simplification and relaxation of restrictive regulations governing the conduct of businesses in black urban areas;

(v) the repeal of certain Group Area's regulations in terms of which permits are required to allow non-whites to be employed in supervisory or managerial positions in a group area allocated to whites;

(vi) the creation of free trade areas which will enable persons of all races to own and conduct businesses in central business districts; and

(vii) the repeal of that provision of the Environmental Planning Act which prevents the employment of greater than a specified ratio of black to white workers in certain industries in specified areas.

I hope you will agree after listening to what has been going on in South Africa that economic opportunities for non-whites are opening up and that there is a growing emphasis on training and education of non-whites to qualify them to take advantage of these new opportunities. In our view, economic growth and education are the critical needs of South Africa's non-white population. We believe progress is being made in both fields, but believe that the pace of change should be accelerated.

Major legislation in any country is a slow process. Witness the American civil rights movement and more recently our attempts to set up a national energy policy. While we believe that South Africa's commitment to change is genuine and that it will continue to evolve, we also expect that as in the development and implementation of any major shift in public policy, there will be setbacks, though they, too, will be followed by positive change.

Ultimately, however, we believe that offensive apartheid policies will disappear and that the quality of life and economic prospects for South Africa's blacks and other non-whites will be enhanced. We believe that the policies and programs of Mobil and other American companies are having a strong influence on the South African environment and are making a substantial contribution to the changes that are under way.

**Mr. Solarz.** Thank you very much.

What time must you leave, Mr. Checket?

**Mr. Checket.** I need to be at the airport between 11:30 and 12.

**Mr. Lagomarsino.** Which airport?

**Mr. Checket.** National Airport.

**Mr. Solarz.** I think we will try to get the other witnesses' testimony first and then ask questions, because otherwise we may take up an excessive amount of time questioning you. Hopefully there will be enough time for you to respond, if the others can try to confine their statements to 10 minutes, if at all possible.

Our next witness will be Fred Haubold, director of overseas relations for General Motors.

## STATEMENT OF FRED G. HAUBOLD, DIRECTOR OF OVERSEAS INDUSTRIAL RELATIONS, GENERAL MOTORS

**Mr. Haubold.** Thank you, Mr. Chairman.

My name is Fred Haubold. I am director of overseas industrial relations for General Motors.

Our statement for the record for these hearings has been filed, and with your permission I would like to summarize my remarks.

General Motors appreciates this opportunity to discuss our operations in the Republic of South Africa, our efforts to contribute to social change in that country, and our involvement as a signatory of the Sullivan principles.

At the outset, let me emphasize our commitment to the principle of equal opportunity in every country where the corporation operates. In this regard, General Motors is critical of, opposed to, and abhors the apartheid policies and practices of the Republic of South Africa. The corporation has spoken out publicly and privately against apartheid on many occasions and continues to attempt, wherever possible, to change the policy of apartheid through the channels open to foreign manufacturers operating in that country.

Your invitation indicated several issues you would like us to discuss. We address many of them in our statement and will give you an overview of our philosophy of doing business in South Africa.

Let me begin by describing the nature and extent of our operations in South Africa.

We have had operations in South Africa since 1926. GM South African—a wholly owned subsidiary of General Motors Corp. manufactures, assembles, and markets GM cars and GM and Isuzu trucks, as well as locomotives and a number of automotive parts and components.

General Motors currently employs about 4,100 people in South Africa, primarily at assembly and manufacturing plants in Port Elizabeth and Aloes.

GM South African policies provide for equal pay, regardless of race, for all employees with comparable seniority who do similar work in the same job classification.

A brief review of the history of GMSA is necessary to understand the composition of the work force.

When this operation was established in 1926, the South African Government requested that the operations be located in Port Elizabeth because the Government wished to alleviate a serious unemployment problem among white South Africans in the area. As a result, the initial work force was virtually all white.

In 1967 the Government faced a similar unemployment problem, this time among colored workers. Accordingly, Port Elizabeth was designated by the Government as a "colored preference area" and colored employment increased as a result of this change. Representations by our executives and other local businessmen to the South African Government caused the "colored preference" requirement to be rescinded in May 1978. Today, General Motors South Africa faces no legal obstacles to the hiring of employees of any race for any position in the work force.

Availability of trained nonwhite applicants with required skills, however, continues to be a serious problem. Using South African terminology, 44 percent of the total work force is white, 42 percent is colored, and 14 percent is black.

Progress toward equal opportunity at the workplace was slowed due to GMSA's reduced production during the economic downturn and the resulting decrease in total employment from 6,000 in 1975 to a low of 3,500 in 1979.

Let me emphasize that a recent increase in GMSA employment coincided with South Africa's economic improvement and the introduction of a new-car line. This increase vividly demonstrates the interaction between increased levels of economic activity and increased job opportunities. During the first quarter of 1980, GMSA hired 845 employees—88 white, 511 colored, and 246 black.

Moreover, upward mobility within the work force shows steady progress. In 1972, for example, there were only 381 colored and 24 black employees in semiskilled and skilled positions. By March 1980 these numbers had increased to 714 coloreds and 124 blacks, even though overall hourly employment decreased by 600 employees during this period. These results underscore GMSA's commitment to equal opportunity.

General Motors South African rates place its nonwhite employees substantially above the average for the manufacturing sector in South Africa. However, wages and salaries are only a part of GMSA's compensation program. There is also a range of additional employee benefits, which are among the best in South Africa.

Regardless of race, every GMSA employee is covered by the same comprehensive employee benefit programs, including group life insurance; medical, sickness and accident coverage; retirement plans; overtime and premium payments; annual vacation; and an annual yearend gratuity which for several years has averaged over 6 percent of the individual's base annual earnings. GMSA was also one of the first employers in South Africa to extend its medical benefits, which include dental care and routine eye examinations, to cover the dependents of employees and retirees.

With respect to the workplace itself, GMSA's facilities are completely desegregated.

GMSA just completed a $4.5 million project to upgrade and consolidate facilities and improve economic opportunities for black and other nonwhite employees.

New, fully integrated comfort facilities and a substantial reconstruction of existing dining and locker facilities which are fully integrated were a major part of this program.

Another area which many consider significant in moving toward equal opportunity is the establishment of union representation for black employees in South Africa.

As elsewhere in its operations, GM acknowledges the right of its employees, regardless of race, to engage in union activities, including the formation of a union.

While GMSA's white and colored hourly employees belong to separate unions, to date less than a majority of the black hourly employees have indicated a preference for union representation. GMSA has made clear to black employees that they have complete freedom of choice regarding union representation.

In 1977, GMSA responded to an unregistered black trade union's initiative to recruit members by making available facilities for payroll checkoff, similar to those provided for registered unions.

General Motors South African recently constructed a new center designed to offer a range of programs, including presupervisory training programs, to train new employees and to prepare employees for advancement. In addition, both colored and black employees have attended technical and nontechnical classes paid for by our tuition refund plan. The language instruction program, designed to provide basic reading, writing, and arithmetic skills, has been in operation since 1971. Moreover, we make use of outside organizations to supplement in-plant training programs.

The Service Division operates training centers and a mobile training unit to instruct dealer sales and service personnel.

One of the primary obstacles to promoting nonwhite employees is the prevailing low level of education. To improve these education levels, a GMSA plan encourages children of black employees to remain in school as long as possible. The plan pays for prescribed books and school fees for all children of black employees attending primary and secondary schools.

General Motors South African also plans to contribute a total of $9,000 in 1980 to three primary schools for black children, with combined enrollments of more than 800 students. Another plan provides tuition, books, and equipment refunds for employees successfully completing approved part-time courses with advance funding for tuition available to blacks upon request. Moreover, the General Motors Foundation has made contributions to provide additional education opportunities for nonwhites, including a donation of $360,000 to the New Brighton Technical Institute.

Improvements in the quality of life of coloreds and blacks are offered through several housing assistance programs.

General Motors South African participates in several housing assistance programs which have accelerated home construction, homeownership and home improvements.

These programs have facilitated the purchase of more than 550 homes to date, and an additional 1,050 loans have been made to employees for home improvements.

Equally as important as any specific improvement in conditions in the workplace, or contributions made by our operation to improve the living conditions of its employees, is the continuing effort by GM executives to urge Government officials to eliminate racial restrictions.

In addition to the corporation's endorsement of the Sullivan principles and our aggressive pursuit of all initiatives to eliminate the boundaries of apartheid, top GM executives have met several times with South Africa's Prime Minister and other high-level officials to express the corporation's dissatisfaction with racial restrictions and to support efforts to provide equal opportunity. Additionally, GM's local management has frequently communicated with South African Government officials to urge greater progress in eliminating apartheid.

General Motors South African has been a leader in developing and implementing programs to improve conditions for nonwhites in South Africa, and has pursued aggressively the objectives of equal opportunity for all its employees in that country. In keeping with this firm belief in equal opportunity, General Motors has introduced progressive employment practices designed to eliminate discrimination.

A major example of this effort is GM's early endorsement of Dr. Sullivan's "Statement of Principles of U.S. Firms With Affiliates in the Republic of South Africa." These principles have been distributed in multilingual versions to all GMSA employees.

We do not endorse the Sullivan principles merely because Dr. Sullivan is a member of our board of directors. We endorse these principles because we believe in this voluntary approach and peaceful alternative. Neither a single company nor the principles can solve the problems in South Africa by themselves. But we can act as a catalyst to raise the economic and living standards of our employees and be a positive force benefiting all races.

GM's decision to stay in the country rests on a judgment that continuing to operate in South Africa is prudent. This decision to remain, as any business decision, is subject to constant review. In the end, it hinges upon South Africa's prospects for stable growth, coupled with GM's continued ability to pursue its course of equal opportunity. Significantly, the leaders of several South African colored and black groups have publicly supported GM's presence, and view GMSA's initiatives as part of the growing positive force for change.

While General Motors feels that it has encouraged social and economic progress by setting an example by its treatment of its employees, much remains to be done. In the final analysis, the human rights issues in South Africa must be addressed internally by all the people of that country. You can be assured that General Motors will continue to facilitate and to be a positive force in this effort for peaceful change.

[Mr. Haubold's prepared statement follows:]

### PREPARED STATEMENT OF FRED G. HAUBOLD, DIRECTOR OF OVERSEAS INDUSTRIAL RELATIONS, GENERAL MOTORS CORP.

Thank you, Mr. Chairman.

My name is Fred G. Haubold. I am director of Overseas Industrial Relations for General Motors Corporation.

We appreciate this opportunity to discuss our operations in the Republic of South Africa, our efforts to contribute to social change in that country, and our involvement as a signatory of the Sullivan Principles.

I affirm at the outset that General Motors is committed to the principle of equal opportunity. In this regard, General Motors is critical of and unalterably opposed to the apartheid policies and practices of the Republic of South Africa.

The Corporation has spoken out publicly and privately against apartheid on many occasions and continues to attempt, wherever possible, to change the policy of apartheid through the channels open to foreign manufacturers operating in that country.

Your invitation indicated several issues you would like us to discuss. We will address many of them in my statement and give you an overview of our philosophy of doing business in South Africa.

*General Motors South African Operations*

Let me begin by describing the nature and extent of General Motors' operations in South Africa.

We have had operations in South Africa since 1926. GM South African (Pty.) Ltd. (GMSA)—a wholly-owned subsidiary of General Motors Corporation—manufactures, assembles and markets GM cars and GM and Isuzu trucks, as well as locomotives and a number of automotive parts and components.

General Motors today employs about 4,100 people in South Africa, primarily at assembly and manufacturing plants in Port Elizabeth and Aloes.

Industry vehicle sales in South Africa reached a peak of 364,000 units in 1975, and declined to 314,000 in 1979, due primarily to economic conditions in that country. Nevertheless, these 314,000 units represented an estimated 40% of total vehicle sales in 1979 through the entire African Continent. GMSA's sales in South Africa declined from a peak of 52,000 vehicles in 1973 to approximately 29,000 passenger cars and commercial vehicles in 1979, for a market share in that country this past year of slightly more than 9%. We ranked sixth in sales behind Sigma, Volkswagen, Ford, Datsun-Nissan and Toyota-Renault. From another perspective, non-U.S. based companies obtained 76% of the South African vehicle market in 1979, with the Japan-based producers capturing 45%.

At prevailing exchanges rates, the value of GMSA sales in 1979 amounted to approximately $204 million, with $192 million in vehicle sales and the balance in locomotives, earth-moving equipment and diesel engines. However, GMSA operated at a loss in 1979.

Today, the total GM investment in South Africa is approximately $129 million—about 7% of the total reported U.S. business investment in that country.

During 1979 General Motors made an equity injection of $24 million to GMSA to improve its capital structure. The capital increase, by improving GMSA's financial situation, facilitated the funding of the program to fully integrate plant facilities and improve economic opportunities for employes at GMSA.

Additionally, the capital assured that GM South African could re-tool to provide modern, up-to-date vehicles for the South African market. This equity injection did not provide for any expansion of existing facilities.

In South Africa, as in many countries throughout the world, there are legal requirements for a specific percentage of local content in most vehicles manufactured in that country. Currently, with only minor exceptions, every passenger vehicle and light commercial vehicle should contain at least 66%, by weight, local content.

*Employment Policies*

GMSA policies provide for equal pay, regardless of race, for all employes with comparable seniority who do similar work in the same job classification.

A brief review of the history of GMSA is necessary to understand the composition of the work force.

When GMSA was established in 1926, the South African government requested the operations be located in Port Elizabeth because the government wished to alleviate a serious unemployment problem among white South Africans in the area. As a result, the initial work force was virtually all white. In 1967, the government faced a similar unemployment problem, this time among Colored workers. Accordingly, Port Elizabeth was designated by the government as a "Colored Preference Area" and Colored employment increased as a result of this change. Representations by GMSA executives and other local businessmen to the South African government caused the "Colored Preference" requirement to be rescinded in May, 1978. Today, GMSA faces no legal obstacles to the hiring of employes of any race for any position in its work force.

Availability of trained non-white applicants with required skills, however, continues to be a serious problem. Using South African terminology, 44 percent of the total work force is white, 42 percent is Colored and 14 percent is Black.

In 1979, overall compensation for GMSA's Black employes exceeded the overall national average for this group in the manufacturing sector by 51 percent. Similarly, average compensation for GMSA's Colored employees exceeded the national average for this group in the manufacturing sector by 33 percent. While compensation of our non-white employes appears favorable vis-a-vis the manufacturing sector as a whole, there does remain a formidable task to achieve greater equality in compensation between racial groups within the GMSA work force.

Progress toward equal opportunity at the workplace was slowed due to GMSA's reduced production during the economic downturn and the resulting decrease in total employment from 6,000 in 1975, to a low of 3,500 in 1979. The recent increase in employment, coincidental with South Africa's economic improvement and the introduction of a new car line, vividly demonstrates the interaction between increased levels of economic activity and increased job opportunity. During the first quarter of 1980, GMSA hired 845 employes (88 white, 511 Colored and 246 Black). GMSA's hourly work force increased by 813 employes (69 white, 505 Colored, 239 Black) and its salaried work force by 32 (19 white, 6 Colored and 7 Black).

Moreover, upward mobility of Coloreds and Blacks within the work force shows steady progress. In 1972, for example, there were 381 Colored and 24 Black employes in semi-skilled and skilled positions. By March, 1980, these numbers had increased to 714 Coloreds and 124 Blacks, while overall hourly employment decreased by 600 employes during this period.

The number of non-white salaried employes increased to 67 (52 Colored and 15 Black) in March, 1980, the highest level achieved to date. General Motors believes that it is vitally important to qualify and promote non-whites into better positions, and these results underscore this commitment.

### *Employe Benefits*

Wages and salaries are only a part of GMSA's compensation program. There is also a range of additional employe benefits, which are among the best in South Africa.

Regardless of race, every GMSA employe is covered by the same comprehensive employee benefit programs, including group life insurance; medical, sickness and accident coverage; retirement plans; overtime and premium payments; annual vacation; and, an annual year-end gratuity which for several years has averaged over 6 percent of the individual's base annual earnings.

GMSA also was one of the first employers in South Africa to extend its medical benefits, which include dental care and routine eye examinations, to cover the dependents of employes and retirees. Currently, over 4,000 dependents of Colored and Black employes are covered by this plan.

### *The Workplace*

With respect to the workplace itself, GMSA's facilities are completely desegregated.

GMSA just completed a $4.5 million project to upgrade and consolidate facilities and improve economic opportunities for Black and other non-white employes. New, fully integrated comfort facilities and a substantial reconstruction of existing dining and locker facilities which are fully integrated were a major part of this program.

### *Union Representation*

Another area which many consider significant in moving toward equal opportunity is the establishment of union representation for Black employes in South Africa.

As elsewhere in its operations, GM acknowledges the right of its employes—regardless of race—to engage in union activities, including the formation of a union.

While GMSA's white and Colored hourly employes belong to separate unions, to date, less than a majority of the Black hourly employes have indicated a preference for union representation. GMSA has made clear to Black emloyes that they have complete freedom of choice regarding union representation. During 1978, management attached to each employe's time card a notice outlining this policy of freedom of association, and also posted this policy in English and Xhosa on more than 70 bulletin boards throughout GMSA's plant facilities.

In 1977, GMSA responded to an unregistered Black trade union's initiative to recruit members by making available facilities for payroll checkoff, similar to those provided for registered unions. To date, substantially less than a majority of GMSA's Black employes have chosen to join this union.

GMSA continues to believe it should not force any employe to join a union. The choice of whether or not to join a union should be made, we believe, by each employe. General Motors is confident that it has given Black employes in its South African operation every opportunity to form or join a union, and that employes' rights have not been abridged in any manner.

Wages and working conditions for employes of the auto manufacturing companies in the Port Elizabeth area are negotiated by an Industrial Council. This council is composed of representatives of management from the three automobile manufacturers in the area (GM, Ford and Volkswagen) and of the white and Colored employe unions. Black emloye representatives are elected from among the Black workers at each of the operations to a regional committee which actively participates in the Industrial Council negotiations. The negotiated results are, by law, extended to all employes, regardless of race.

In 1971, GMSA established an African Works Committee of elected Black employes, which has represented many concerns of these employes directly to GMSA management. This committee was later succeeded by a liaison committee similarly elected under the terms of the Bantu Labor Relation Amendment Act of 1973. Employe input to the Liaison Committee is provided by stewards who function in the plant under the same procedures as apply to shop stewards from the registered unions.

*Education and Training*

As part of the $4.5 million project previously mentioned, GMSA has tripled its in-plant training capability with the construction of a 17,000 square foot training facility. This training center was opened in November, 1979, and is designed to provide GMSA with increased capability to train new employes and to prepare other employes for advancement.

To improve employe skills, GMSA conducts a number of in-plant programs, including presupervisory training programs, to train new employes and to prepare employes for advancement. In addition, both Colored and Black employes have attended technical and non-technical classes paid for by GMSA's tuition-refund plan. GMSA's Language Instruction Program, designed to provide basic reading, writing, and arithmetic skills, has been in operation since 1971.

The GMSA Service Division operates a fully-equipped mobile training unit which instructs dealer service personnel in sheetmetal repair, spray painting, and general mechanical maintenance. This unit has trained more than 1,000 nonwhites throughout South Africa and neighboring countries. In addition, General Motors operates training centers in both Port Elizabeth and Pretoria at which the Sales and Service Department makes available sales, service and business management training to the dealer organization. These siminars are open to employees from all racial groups.

To supplement in-plant training programs, GMSA makes use of outside organizations such as the University of Port Elizabeth, New Brighton Technical Institute, Port Elizabeth Technikon, the Institute of Personnel Management, the National Development and Management Foundation, various technical colleges, and other facilities offering specialized training.

One of the primary obstacles to promoting non-white employes is the prevailing low level of education. To improve these education levels, a GMSA plan encourages children of Black employes to remain in school as long as possible. The plan pays for prescribed books and school fees for all children of Black employes attending primary and secondary schools.

In the 1979 school year, more than 900 sets of school books were provided by GMSA, making a total of 8,200 sets of books since 1972, at a cost of approximately $143,000. GMSA expects to contribute a total of $9,000 during 1980 to three primary schools for Black children, with combined enrollments of more than 800 students. Another plan provides tuition, books, and equipment refunds for employees successfully completing approved part-time courses. It should be noted that advance funding for tuition is available to Blacks upon request.

The General Motors Foundation has made contributions to provide additional education opportunities for nonwhites which includes: a donation of approximately $360,000 toward the construction of the New Brighton Technical Institute (a technical high school for Black students in Port Elizabeth); a $40,000 contribution to the Institute of International Education (IIE) for its South African Fellowship Program which is designed to develop professionally trained Blacks for management, engineering, university teaching, and other positions in South Africa; as well as about $18,000 as the first of a three-part donation to the University of Port Elizabeth's nonwhite teacher training program.

### *Housing Assistance*

Improvements in the quality of life of Coloreds and Blacks are effected through several housing assistance programs. Over the last decade GM has contributed $216,000 for housing programs and has had a part to play in constructing, financing or improving more than 550 homes.

In 1973, GMSA funded a $575,000 home-ownership program for the Colored community of Port Elizabeth. Of 94 new homes built under the program, 55 were purchased by GMSA employes. Loans were made to Colored employes at subsidized interest rates for the initial cost of home purchases. Subsequent subsidized housing-loan programs have enabled nonwhites, both GMSA employes and non-employes, to buy 169 homes. The down-payment loan plan was extended to Black employes in 1977 and to date, 25 Black employes have participated in this plan.

An earlier program, established in 1972, provided $284,000 for subsidized home-improvement loans to employes of all races. Thus far, these loans have improved the living conditions of about 1,050 employes.

GMSA has also helped a local administration board, which is responsible for Black residential areas, to obtain a $1.2 million loan for the construction of 230 new houses and a new school in an urban Black township. GMSA is subsidizing the interest rate on this loan so that the interest paid by the owner is 5.5% which is substantially below the prevailing interest rate.

Additionally, in 1979 the General Motors Foundation paid the first installment of a five-year, approximately $575,000 contribution to the Urban Foundation. It is a multi-racial South African organization working to improve housing and housing standards, community and recreational facilities, educational and employment opportunities for non-whites.

GMSA has also funded a $475,000 program to add to and improve recreational facilities in Colored and Black residential areas, available for the use of all area residents. These facilities include a golf course, tennis courts, a bicycle track, and a sports stadium.

These efforts, which had capital expenditures of $6.3 million and an estimated annual cost of $3.5 million, in the areas of education, training, housing and recreation have contributed to the improved quality of life for Colored and Blacks.

### *Efforts to Eliminate Racial Restrictions*

Equally as important as any specific improvement in conditions in the workplace, or contributions made by GMSA to improve the living conditions of its employes, is the continuing effort by GM executives to urge government officials to eliminate racial restrictions.

In addition to the Corporation's endorsement of the Sullivan Principles and our aggressive pursuit of all initiatives to eliminate apartheid, top GM executives have met several times with South Africa's Prime Minister and other high level officials to express the Corporation's dissatisfaction with racial restrictions and to support efforts to provide equal opportunity. In recent years, GM executives led by Chairman Thomas A. Murphy, have met with Prime Minister Botha and Minister of Economic Affairs J. C. Heunis, as well as a cross-section of key nonwhite leaders, including Percy Qoboza, Dr. N. Motlana, and Chief Buthelezi.

Additionally, GM's local management has frequently communicated with South African government officials to urge greater progress in eliminating apartheid.

General Motors South African has been a leader in developing and implementing programs to improve conditions for non-whites in South Africa, and has pursued aggressively the objectives of equal opportunity for all its employes in that country. In keeping with this firm's belief in equal opportunity, GMSA has introduced progressive employment practices designed to eliminate discrimination.

A major example of this effort is GM's early endorsement of Dr. Sullivan's "Statement of Principles of U.S. Firms with Affiliates in the Republic of South Africa." These Principles have been distributed in multilingual versions to all GMSA employes.

The Principles have the backing of the U.S. State Department in their underlying commitment to aggressively pursue peaceful resolution of South Africa's pressing social problems.

The Sullivan Principles are all the more impressive and carry more weight with the South African government because of their voluntary nature. U.S. legislation attempting to impose the same principles as a matter of law on U.S. firms doing business in South Africa would raise serious questions regarding the extraterritorial application of U.S. law.

We do not endorse the Sullivan Principles merely because Dr. Sullivan is a member of our Board of Directors. We endorse these Principles because we believe in this voluntary approach and peaceful alternative. Neither a single company nor the Principles can solve the problems in South Africa by themselves. But we can act as a catalyst to raise the economic and living conditions of our employes and be a positive force benefiting all races.

GM's decision to stay in the country rests on a judgment that continuing to operate in South Africa is prudent. This decision to remain, as any business decision, is subject to constant review. In the end, it hinges upon South Africa's prospects for stable growth, coupled with GM's continued ability to pursue its course of equal opportunity. Significantly, the leaders of several South African Colored and Black groups have publicly supported GM's presence, and view GMSA's initiatives as part of the growing positive force for change.

While General Motors feels that it has encouraged social and economic progress by setting an example by its treatment of its employes, much remains to be done. In the final analysis, the human rights issues in South Africa must be addressed internally by all the people of that country. You can be assured that General Motors will continue to facilitate and to be a positive force in this effort for peaceful change.

Attachments.

ATTACHMENT A

The following table shows hourly employment at GMSA as of January, 1980, by work grade and race, including average base hourly wage. Grade 1 is the lowest level position and grade 12 the highest.

| | White employees | Average wage | Colored employees | Average wage | Black employees | Average wage |
|---|---|---|---|---|---|---|
| Grade: | | | | | | |
| 1 | 1 | $1.28 | 85 | $1.30 | 67 | $1.28 |
| 2 | 0 | ------------ | 149 | 1.33 | 72 | 1.31 |
| 3 | 0 | ------------ | 84 | 1.39 | 17 | 1.31 |
| 4 | 4 | 1.39 | 204 | 1.41 | 90 | 1.38 |
| 5 | 6 | 1.40 | 107 | 1.46 | 29 | 1.41 |
| 6 | 8 | 1.62 | 185 | 1.57 | 50 | 1.50 |
| 7 | 3 | 1.67 | 58 | 1.64 | 14 | 1.68 |
| 8 | 22 | 1.94 | 181 | 1.89 | 21 | 1.83 |
| 9 | 33 | 2.11 | 145 | 2.03 | 20 | 1.92 |
| 10 | 168 | 2.76 | 95 | 2.29 | 9 | 2.18 |
| 11 | 332 | 4.08 | 31 | 3.52 | 3 | 3.77 |
| 12 | 119 | 4.44 | 0 | ------------ | 0 | ------------ |

Differences in wages for similar work grades is attributable to seniority considerations.

ATTACHMENT B

AVERAGE MONTHLY COMPENSATION HOURLY AND SALARIED EMPLOYES

[September 1979]

| | Whites | Coloreds | Blacks |
|---|---|---|---|
| General Motors South African | $931 | $382 | $327 |
| Average South African manufacturing | 962 | 288 | 217 |
| Overall South African | 808 | 253 | 192 |

Note: All figures are in U.S. dollars.

Mr. SOLARZ. Thank you very much for your testimony, Mr. Haubold. Our next witness will be George Vojta, the executive vice President of Citicorp.

Mr. Vojta, your statement will be included in the record, and if you can summarize in approximately 10 minutes, I would appreciate it.

## STATEMENT OF GEORGE J. VOJTA, EXECUTIVE VICE PRESIDENT, CITICORP

Mr. VOJTA. Thank you, Mr. Chairman.

I am George Vojta, executive vice president of Citicorp for corporate strategy and development, and I will read a shortened version of the statement which has been submitted for the record.

Citibank is currently the 23d ranking bank out of 39 commercial, general, and merchant banks in South Africa. Our South African operation accounts for less than one-half of 1 percent of our worldwide assets, and our facilities in the country account for less than 1 percent of total South African banking assets.

Our business in South Africa is essentially commercial. The overwhelming bulk of our loans are to the private sector. Most are short term, trade related.

While some large numbers have been referred to in connection to Citibank's loans to the public sector in South Africa, most studies we have seen show these figures to be incorrect. Considerations of confidentiality preclude discussion of individual transactions, but I can say this in general.

First, the loans often mentioned are usually syndicated loans in which Citibank's participation would typically be no more than 10 percent. Second, the public sector loans which we made in the period prior to the Soweto riots are now running off our books at a rapid rate. The only significant loan we have booked since Soweto was to the Medical University of South Africa, a multiracial medical school located in the Transvaal. That loan was guaranteed by the Government of South Africa.

Our current policy on lending in South Africa is we are prepared to consider selectively and subject to our usual monitoring processes both to the private and public sectors, giving priority to projects which we believe will provide employment, health care, education, housing, and transportation to all South Africans, regardless of race.

We will not consider loans to or for the South African police or military establishments consistent with the U.S. Department of Commerce regulations applying to U.S.-made goods and technology, nor will we make general purpose or balance-of-payments loans to the public sector. Each loan must be tied to an identifiable project.

The recent increase in the price of gold has reduced South Africa's need to borrow money, and we know of no reason to think that South Africa will seek general purpose loans or balance-of-payments financing in the foreseeable future. However, our policy is not predicated on whether or not the South African Government is likely to enter the market. As I previously explained, we make our judgment based upon an assessment of the country's risk, which includes political and social as well as economic considerations.

While the economic situation in South Africa is good at the present time, political and social factors detract from our overall risk assessment.

I want to emphasize that in making our country risk assessment we have not exercised a foreign policy judgment concerning South Africa. We are convinced that the conduct of American foreign policy is and ought to be the sole prerogative of the U.S. Government.

We recognize that this position dismays some of our critics. Nevertheless, we simply do not believe it appropriate for any private economic institution such as Citibank to make these decisions, and our shareholders have agreed overwhelmingly with that position.

That was the position we took with respect to the Allende government in Chile, and it is the position we take with respect to South Africa today.

As to the moral issue of operating in South Africa, we have repeatedly emphasized we do not regard apartheid as morally acceptable, and our presence in South Africa in no way condones it. We see some signs that the apartheid system has begun to break down in small but not entirely insignificant ways, largely as a result of the demand for skilled workers which cannot be met by the white population.

We believe that this economic process of change to which our presence in South Africa contributes is a positive force for change in the country in terms of the country's social as well as economic structure. One example of that force for change has been the operation of the employment program associated with Reverend Sullivan. As I'm sure the members of this committee know, Citibank also was one of the 12 original signatories of the principles; and we are pleased to say that Citibank's performance was rated at last year's report by the Arthur D. Little Corp., in category I of companies making good progress in implementing those principles.

As of April 30, 1980, our total employment in the country consisted of 119 whites and 63 nonwhites, designated according to South African usage as 11 Asian, 21 colored, and 31 black. Despite an overall reduction in employment in recent years, our nonwhite employment has increased both relatively and absolutely.

A decade ago nearly all our nonwhite employees were in our lowest job categories. Today, as a result of the efforts we have undertaken, virtually our entire nonwhite work force has risen on the job ladder. Today we have seven nonwhites as compared to none as recently as 3 years ago at the supervisory, professional, and managerial levels, including one black officer of the bank. In addition, two other South African blacks, graduates of American universities, are currently being trained for officer positions.

In an effort to aid the pool of skilled manpower in South Africa, Citibank has been a major contributor to the American Chamber of Commerce's project PACE, which involves construction of a commercial high school in Soweto, due to open in January 1981.

We also support a small number of university scholarships for nonwhites consistent with the relative size of our operation.

Our efforts and those of other American companies have had a modest but we think useful effect in South Africa. We believe they ought to continue to be pushed on a voluntary basis. Moreover, we feel it would be a mistake to enact the Sullivan principles into law. That would involve the extraterritorial application of U.S. law, which we find philosophically as well as practically troublesome, and would present a direct challenge to South African sovereignty, which we feel would be unproductive and therefore unwise.

Experience in countries where the United States has considerably more leverage than it does in South Africa suggests that such a direct confrontational strategy rarely produces the desired results.

Citibank certainly rejects the notion that our activities in South Africa support the apartheid system or strengthen South Africa's military power, and we disagree with the thesis that our withdrawal from South Africa would make any real difference in terms of that nation's access to the world's financial markets.

No doubt American withdrawal would be a political and psychological blow to South Africa, increasing its sense of isolation in the world; but we are inclined to doubt that such a step would strengthen the hand of the political moderates in the country or improve the condition of nonwhites or decrease the prospects of racial violence.

Clearly, to answer your direct question, if the Congress of the United States were to enact and the President to sign legislation banning new investment or new bank loans to South Africa, Citicorp would, of course, obey the law. The effect of such a law on Citibank's profits, indeed the effect of a total cutoff in business with South Africa, would not be material to us.

Nevertheless, for the reasons we have explained we believe that such action would be unwise and even counterproductive.

While we understand the motivation and respect the sincerity if those who make such proposals, we believe it is wrong to try to use American business as the cutting edge of American foreign policy. Ultimately, it is not in this country's interest to have the activities of American firms abroad regarded as an extension of American foreign policy either by foreign governments or the American Government.

Although some of you have heard us on this point before, I do want to reiterate the four basic principles which we enunciated in the 1973 hearings of the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee.

One, we must never lose sight of the fact that we are guests in foreign countries and must conduct ourselves accordingly; that is to say, in conformity with their laws and customs.

Two, we can survive only by successfully demonstrating to local authorities that our presence is useful to their country.

Three, we believe that each country must find its own way politically and economically. Sometimes we feel a particular country's policies are wrong; sometimes we do not. But we try to function as best we can under existing conditions, or else we withdraw.

Four, we have the right and the obligation to discuss with local governments matters directly affecting Citibank's interests, but we recognize the local governments have ultimate decisionmaking authority within their jurisdictions.

Those principles seem to us then to offer the only sound basis on which any business enterprise can operate in a complex world environment. They remain the principles by which we operate today.

Thank you.

[Mr. Vojta's prepared statement follows:]

## PREPARED STATEMENT OF GEORGE J. VOJTA, EXECUTIVE VICE PRESIDENT OF CITICORP

Mr. Chairman and Members of the Subcommittee:

I am George J. Vojta, Executive Vice President of Citicorp for Corporate Strategy and Development. In my former position as head of what was called the International Banking Group, I was responsible for supervision of our banking activities in South Africa. In my present position, I continue to be generally concerned with our operations there. Since I have testified previously on this subject, we felt the continuity would be useful both from your standpoint and from ours.

I will try in my prepared remarks to deal with as many as possible of the questions raised by Chairman Solarz in his letter of April 11, though not necessarily in the same order. However, because our operations in South Africa and our views have not changed significantly since we last appeared here and before the Senate Foreign Relations Subcommittee on

**African Affairs, I may be repeating some facts and opinions which you have heard from us before.**

**Citibank currently operates directly, or through affiliates, in over 100 countries, including South Africa, where we have been since 1958. We are also active as Citibank in 14 other countries on the African continent, mostly in black Africa. We do more than twice as much business with the other countries of Africa as we do with South Africa, and while our business with South Africa has been relatively static, our business with the rest of Africa has been growing. To answer Chairman Solarz' direct question, I am not aware of any instance in which our South African operations have met with objections from other African nations.**

**Our wholly-owned South African subsidiary, Citibank, S.A., is headquartered in Johannesburg and operates smaller branch offices in Cape Town and Durban.**

**Citibank is currently the 23rd ranking bank out of 39 commercial, general and merchant banks in South Africa. In 1976, when I testified before the Senate Foreign Relations Subcommittee on African Affairs, we ranked 12th in overall size. The top five banks are Barclays and Standard, both of which are British controlled, and the Volkskas, Trust Bank and Nedbank, which are publicly held local institutions. Together, they account for between 85 and 90 percent of total bank assets in South Africa.**

Citibank's capitalization in South Africa is equivalent to $12 million, which means that our local currency liabilities are limited under South African law to $192 million, a ratio of 16:1. Our local currency assets as of March 30, 1980 amounted to the equivalent of $138 million.

Citibank's South African operations account for less than one-half of one percent of our worldwide assets, and our facilities there account for less than one percent of total South African banking assets. Ours is the only American bank with a registered banking license in South Africa, though Chase Manhattan and North Carolina National Bank both have representative offices, and other American banks do business with South African entities from offshore locations. This means that we are the only American bank authorized to accept deposits and to make loans in South African currency. Other American banks make foreign currency loans to South Africa, however, and they may also incur exposure indirectly through endorsement of trade related instruments which have been discounted by South African banks or other money market investors.

We have no way of knowing the exposure of other American banks arising from their foreign currency lending to South Africa. But it is evident that the sum of their activity, plus ours, would only represent a very small fraction of the total business done in South Africa by all banks. Other international banks are significantly more active in South Africa than we are. As one measure of this activity, Barclays, the British bank, alone has some 18,000 employees in South Africa. Citibank, as of April 30, had 182 employees.

Our business in South Africa is essentially commercial. The overwhelming bulk of our loans are to the private sector. Most are short-term and trade-related. While some large numbers have been referred to in connection with Citibank loans to the public sector in South Africa, they are incorrect.

Considerations of confidentiality preclude discussion of individual transactions, but I can say this in general: First, the loans cited are syndicated loans in which Citibank's participation would typically be no more than 10 percent. Secondly, the public sector loans which we made in the period prior to the Soweto riots are now running off at a rapid rate. The only significant loan which we have booked since Soweto was to the Medical University of South Africa, a multi-racial medical school, located in the Transvaal. That loan was guaranteed by the Government of South Africa.

Loans to American business in South Africa and loans supporting American exports represent perhaps 20 percent of our local currency portfolio and a somewhat larger share of our foreign currency lending. We cannot answer the question for other American banks.

You have asked about our business relationship with the black community. As a commercial bank, our relationships are primarily with major private business firms in South Africa. Citibank has no facilities in black townships.

Our current policy on lending to South Africa is that we are prepared to consider, selectively and subject to our usual monitoring processes, loans to the private and public sectors, giving priority to projects which we believe will provide employment, health care, education, housing and transportation to all South Africans, regardless of race. We will not consider loans to or for the South African police or military establishments (consistent with U.S. Department of Commerce regulations applying to U.S. made goods and technology). Nor will we make general purpose or balance of payments loans to the public sector. Each loan must be tied to an identifiable project.

The recent increase in the price of gold has reduced South Africa's need to borrow money, and we know of no reason to think that South Africa will seek general purpose loans or balance of payments financing in the foreseeable future. However, our policy is not predicated on whether or not the South African government is likely to enter the market.

As I have previously explained, we make our judgment based on an assessment of country risk, which includes political and social as well as economic considerations. While the economic situation in South Africa is quite good at the present time, political and social factors detract from our overall risk assessment. We cannot comment usefully on the views of other banks.

I want to emphasize that in making our country risk assessment, we have not exercised a foreign policy judgment concerning South Africa. We are convinced that the conduct of American foreign policy is, and ought to be, the sole prerogative of the United States government. I recognize that this position dismays some of our critics. Over the last several years, various church groups and some universities have questioned our policies towards South Africa, and the World Council of Churches has gone so far as to withdraw its account from Citibank, which we regret. Nevertheless, we simply do not believe it is appropriate for any private economic institution such as Citibank to make foreign policy decisions, and our shareholders have agreed overwhelmingly with that position. That was the view we took with respect to Allende's Chile, and it is the position we take with respect to South Africa.

It is ironic, we think, that some of those who most applauded Citibank for not intervening in Chile are now after us to intervene against South Africa. We believe they have failed to think their position through to its logical conclusion.

As to the moral issue of operating in South Africa, we have repeatedly emphasized that we do not regard apartheid as morally acceptable, and our presence in South Africa in no way condones it. We see some signs that the apartheid system has begun to break down in small but not entirely insignificant ways, largely as a result of demand for skilled workers which cannot be met by the white population. We believe that the economic ferment, to which our presence in South Africa contributes, is force for change in South Africa's social as well as its economic structure.

One example of that force for change has been the operation of the employment program associated with the name of the Reverend Leon Sullivan. As I am sure the members of this subcommittee know, Citibank was one of the 12 original signatories of the Sullivan Principles, and we are pleased to say that Citibank's performance was rated in last year's report by Arthur D. Little Corporation in Category I of companies "making good progress" in implementing those principles.

As of April 30, 1980, our total employment consisted of 119 whites and 63 non-whites, designated according to South African usage as 11 Asian, 21 colored and 31 black. Despite an overall reduction in employment in recent years, our non-white employment has increased both relatively and absolutely. As I have elsewhere testified, Citibank attempts, insofar as it is possible in the South African context, to put into effect the same employment practices we follow elsewhere in the world. Beginning in 1958, when we entered South Africa, our practice has been to give equal pay for equal work without regard to race. Until September 1971, no other bank in South Africa did so. Barclays and Standard Bank, the two largest banks in South Africa, now also pay black clerical workers the same as whites.

Because the banking business requires skilled personnel, upgrading the job levels of our non-white employees has necessitated a significant training effort. At least in our business, laws reserving certain jobs for white employees have not presented a problem. Our task has been to identify non-whites with ability and to provide them with the necessary training and experience to satisfy our personnel needs.

A decade ago, nearly all our non-white employees were in our lowest job categories. Today, as a result of the efforts we have undertaken, virtually our entire non-white work force has risen on the job ladder. Today, we have seven non-whites -- as compared to none as recently as three years ago -- at the supervisory, professional and managerial levels, including one black officer of the bank. In addition, two other South African blacks, graduates of American universities, are currently being trained for officer positions.

South African non-whites have taken Citibank courses abroad in Athens, London and New York, and others have taken part in local courses for supervisors and clerks as well as special courses on bank services. We have also helped non-white employees take outside courses in business management, typing and other secretarial skills, professional selling skills and personal development.

In an effort to add to the pool of skilled manpower in South Africa, Citibank has been a major contributor to the American Chamber of Commerce's Project Pace, which involves construction of a Commercial High School in Soweto, due to open in January 1981. We also support a small number of university scholarships for non-whites, consistent with the relative size of our operation.

Our efforts and those of other American companies have had a modest but, we think, useful effect in South Africa. We believe they ought to continue to be pushed on a voluntary basis. Moreover, we feel it would be a mistake to enact the Sullivan Principles into law. That would involve the extraterritorial application of U.S. law, which we find philosophically as well as practically troublesome, and would present a direct challenge to South African sovereignty, which we feel would be unproductive and therefore unwise.

Experience in countries where the United States has considerably more leverage than it does in South Africa suggests that such confrontational strategies rarely produce the desired results.

Citibank certainly rejects the notion that our activities in South Africa support the apartheid system or strengthen South Africa's military power, and we disagree with the thesis that our withdrawal from South Africa would make any real difference in terms of that nation's access to world financial markets.

In practical terms, any void resulting from Citibank's withdrawal would be quickly filled by financial institutions of other countries. In my judgment, the same result would follow from the withdrawal of American mining and manufacturing investments, though there might be somewhat greater dislocations during the transition period. No doubt American withdrawal would be a political and psychological blow to South Africa, increasing its sense of isolation in a hostile world. I am inclined to doubt, however, that such a step would strengthen the hand of the political moderates in South Africa, or improve the condition of non-whites, or decrease the prospect of racial violence.

Clearly, to answer your direct question, if the Congress of the United States were to enact and if the President were to sign legislation banning new investment or new bank loans to South Africa, Citicorp would obey the law. The effect of such a law on Citibank's profits -- indeed, the effect of a total cutoff in business with South Africa -- would not be material. Nevertheless, for the reasons we have already explained, we believe such action would be unwise and even counterproductive.

While we understand the motivation and respect the sincerity of those who make such proposals, we believe it is wrong to try to use American business as the cutting edge of American foreign policy. Ultimately, it is not in this country's interest to have the activities of American firms abroad regarded as a mere extension of American foreign policy, either by foreign governments or by the American government.

Although some of you may have heard us on this point before, I do want to reiterate the four basic principles which we enunciated during the 1973 hearings of the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee:

1. We must never lose sight of the fact that we are guests in foreign countries and must conduct ourselves accordingly -- that is to say, in conformity with their laws and customs.

2. We can survive only by successfully demonstrating to local authorities that our presence is useful to their country.

3. We believe that each country must find its own way, politically and economically. Sometimes we feel a particular country's policies are wise; sometimes we do not. But we try to function as best we can under existing conditions or else we withdraw.

4. We have the right and the obligation to discuss with local governments matters directly affecting Citibank's interests. But we recognize that the local governments have ultimate decisionmaking authority within their jurisdictions.

Those principles seemed to us then to offer the only sound basis on which any business enterprise can operate in a complex world environment. They remain the principles by which we operate today.

Mr. Chairman, I trust that I have answered your written questions in my prepared remarks. If you have others, I will be happy to try to respond.

Mr. SOLARZ. Thank you very much, Mr. Vojta.

Our final witness will be Mr. William Kelly, vice president of the Coca-Cola Co.

I might say parenthetically that when I went to Salisbury for the Zimbabwe independence day ceremony, it was my fourth trip to that country, and the biggest change I noticed following the end of the war was the emergence of the Coca-Cola signs all over Salisbury now that the sanctions have been lifted. So I see that you fellows did not lose any time merchandising your wares.

Mr. KELLY. We try to be quick, Mr. Chairman. [Laughter.]

Mr. SOLARZ. Mr. Kelly.

## STATEMENT OF WILLIAM M. KELLY JR., CORPORATION VICE PRESIDENT, COCA-COLA CO.

Mr. KELLY. Thank you, Mr. Chairman. I think this will stay within the time frame.

Mr. Chairman and members of the subcommittee, my name is William M. Kelly, Jr. I'm a vice president and director of corporate personnel for the Coca-Cola Co. I am pleased to appear before you today to discuss the role of U.S. corporations in South Africa.

In our view, American businesses operating in South Africa should be guided by a fundamental principle: They must seek to insure equal treatment and equal opportunity for all their employees. In so doing, corporations will not only further the cause of social justice among their own workers, but they will provide a concrete example of racial equality for other institutions in South Africa.

Long before fair employment practices of American corporations received substantial attention, the Coca-Cola Co. sought to follow that principle and in so doing has been a pioneer among American corporations in the field of race relations. Our fundamental philosophy has been to operate in nations with widely differing political and economic systems: in the Soviet Union and in the People's Republic of China, in Israel and in Egypt, in the highly industrialized nations of Europe, and in the developing countries of Asia, Africa, and Latin America.

While we, of course, recognize that there are serious differences among the governments of nations, we also believe that trade can build important links among the highly diverse peoples of the world. International trade by American countries is important to the United States as a method of competing in an increasingly interdependent world economy, and to many of our trading partners and their people as a method of transferring technology and economic expertise. But trade is also a vital means of bridging the chasms that all to often divide the citizens of the world. Trade can help build a world economic order that will break down barriers among people, ease tensions among nations, and create a foundation for a more enduring peace.

Last year in testimony before this subcommittee, Andrew Young, former U.S. Permanent Representative to the United Nations, addressed the increasing economic interdependence between the nations of Africa and this nation. He underscored that the relationship could produce important economic, strategic, political and humanitarian benefits for both the parties.

The Coca-Cola Co. is perhaps the only American corporation whose present chief executive once served as head of operations in South Africa. Mr. J. Paul Austin, chairman of the board and chief executive officer, directed the South African branch from 1954 to 1958. One of Mr. Austin's first decisions in South Africa was to seek to change the legal requirement that the position of driver-seller on branch trucks be restricted to whites.

The implementation of this far-reaching decision was begun in 1954, after protracted negotiations with the plant superintendent, with other supervisory personnel, and with government officials. The initiative was a complete success. Driver-seller positions in the branches' operations are now open to all races, and there is equal pay for equal work. Indeed, more than 90 percent of the driver-sellers today are nonwhite.

From this modest beginning nearly three decades ago when such changes were extremely difficult to make, the company leadership in race relations has been maintained due to in important part to the personal interest and commitment of Mr. Austin.

Over the years the South African branch has been committed to a code of fair employment principles for its workers that mirrors the principles followed by the Coca-Cola Co., itself in all its operations. These principles represent a commitment to equal opportunity and social justice; but they also recognize that businesses have a larger role within society; to help important segments of society achieve their legitimate aspirations.

Thus, despite powerful historic pressures to the contrary, the company, substantially ahead of its time, was firm in its resolve to offer employment opportunities and improved living conditions to workers representing all population groups in South Africa. This commitment has had some important results.

There is no segregation in the facilities of the South African branch. There is equal pay for equal work in the South African branch. Nonwhite employees serve in supervisory and managerial positions in all phases of the work of the South African branch, including such positions as sales managers, group supervisors, field representatives, sales personnel, laboratory technicians, and accountants. Nonwhites supervise the work of whites in the South African branch.

The South African branch operates training programs and funds other training activities aimed at advancing nonwhites to positions of higher responsibility both within the branch and in other facets of South African commercial life.

The South African branch has concrete programs to improve the education and housing of its employees.

To be sure, there is much yet to be done before South Africa is a society dedicated to racial equality in law and in fact. The present structure of South African law and policy systematically discriminates against nonwhites and is by our standards unconscienable and indefensible.

But despite the obvious constraints imposed by the government apartheid system, we believe that the South African branch has played a pioneering role in race relations.

Although the Coca-Cola Co. did not sign the Sullivan principles when they were first promulgated, the board of directors has recently decided that the company should join the other American corporations who have endorsed these standards for their South African operations. The company originally felt it was not necessary to sign the principles because it had long been committed to fair employment precepts and had taken pioneering steps in implementing them.

In candor, there was an element of pride involved in that original decision. We were proud of our record in South African race relations, and we were willing to stand alone on that record as a leader in a very sensitive area before the Sullivan principles were formulated and published. Nonetheless, the board has now concluded that the company can more effectively work for racial equality in South Africa by continuing its leadership efforts within the Sullivan framework.

In the broader context of promoting black advancement in South Africa, the branch sponsors several scholarships at South African universities under rights training courses for South African teachers, especially in the fields of mathematics and science where qualified teachers are in short supply; supplies funds to buy books for black school children; and provides support to many other educational institutions.

The branches also made a major contribution to a private effort conducted under the auspices of the American Chamber of Commerce in South Africa. The project is assembling funds for the immediate establishment of the first commercial high school and community center in Soweto. When completed, the complex will offer an extensive educational curriculum.

Until recently, assistance in the purchase of housing by nonwhites was limited because no form of property title was available for blacks in white urban areas. However, as interest in property through leasehold became available for blacks, the branch has undertaken a housing assistance program for all black employees. In essence, the branch provides long-term, no interest loans to enable blacks to purchase their own homes.

Black businessman now play and will continue to play a central role in the sale of the branches' products and a central role in the ability of black South Africans to realize their rightful place in the South African society.

To this end the branch has sponsored a chain in small business administration at the University of South Africa specifically designed for the education and training of black businessmen. The company has also implemented a course in business planning for black retailers in Soweto devised by the University of Witwatersrand. The success of this course has prompted the company to plan for similar courses in other areas of South Africa in the future.

Diplomas are awarded by the university to successful participants. In this way the company makes a contribution toward the development of black managerial skills for those not directly employed by the company.

In order to assist collective action among black business leaders, the company has made financial contributions to the Black Chamber of Commerce in South Africa. The initiative of the Black Chamber of Commerce resulted in the establishment of the first African bank in South Africa, a bank which is supported by the company through investment.

Today there is at the highest levels of the company deep personal interest in the progress of the South African branch and in the quest of nonwhite South Africans for racial equality. We recognize the dream of racial equality is far from a reality in the Republic of South Africa, and we realize that many different steps will have to be taken by many different parties before nonwhites achieve what is their moral right—full citizenship and equal treatment under the law.

Any vision of a just society in South Africa must include a decent job at a fair wage under nondiscriminatory conditions for nonwhites. For several thousand black, Asian, and colored workers in the South African branch, substantial progress toward this goal has been realized by providing jobs, training, and the opportunity for advancement, with a deeply felt commitment to racial equality.

Coca-Cola Co. takes concrete steps in achieving social justice in South Africa, and by its example it can influence others. Our fundamental commitment in South Africa, as throughout the world, is to racial justice. As our record shows, this has been our guiding principle in South Africa for the past 26 years and it will continue to be our credo in the future.

Thank you, sir.

[Mr. Kelly's prepared statement follows:]

## PREPARED STATEMENT OF WILLIAM M. KELLY, JR., VICE PRESIDENT, THE COCA-COLA CO.

Mr. Chairman and Members of the Subcommittee:

My name is William M. Kelly, Jr. I am Vice President and Director of Corporate Personnel for The Coca-Cola Company. I am pleased to appear before you today to discuss the role of United States corporations in South Africa.

In our view, American businesses operating in South Africa should be guided by a fundamental principle: they must seek to ensure equal treatment and equal opportunity for all their employees. In so doing, corporations will not only further the cause of social justice among their own workers but they will provide a concrete example of racial equality for other institutions in South Africa. Long before fair employment practices of American corporations received substantial attention, The Coca-Cola Company sought to follow that principle and, in so doing, has been a pioneer among American corporations in the field of race relations.

## The Importance of International Trade

The Coca-Cola Company's operations in South Africa must first be seen against the backdrop of our extensive international activity.

The Company has been deeply involved in world-wide trade for most of this century, and today markets soft drinks in more than 135 countries. Indeed, our experience and expertise in overseas operations is unique in the soft drink industry and is probably the most extensive of any consumer products company in the world. The Company's products are enjoyed by people the length and breadth of the globe--regardless of their race, creed, color or political affiliation.

Our fundamental philosophy has been to operate in nations with widely differing political and economic systems: in the Soviet Union and in the Peoples' Republic of China; in Israel and in Egypt; in the highly industrialized nations of Europe and in the developing countries of Asia, Africa and Latin America. While we, of course, recognize that there are serious differences among the governments of nations, we also believe that trade can build important links among the highly diverse peoples of the world.

International trade by American companies is important to the United States as a method of competing in an increasingly interdependent world economy and to many of our trading partners, and their people, as a method of transferring technology and economic expertise. But trade is also a vital means of bridging the chasms that too often divide the citizens of the world. Trade can help build a world economic order that will break down barriers among peoples, ease tensions among nations and create a foundation for a more enduring peace.

Last year, in testimony before this Subcommittee, Andrew Young, former United States Permanent Representative to the United Nations, stressed the increasing economic interdependency between the nations of Africa and this nation. He underscored that the relationship could produce important economic, strategic, political and humanitarian benefits for both parties. The importance of economic exchange in South Africa itself was emphasized last fall by Assistant Secretary of State for African Affairs, Richard M. Moose:

> Whatever the architects of South Africa's policies intended, what we see today is a single nation, home to people of all races, to which all have contributed. In this complex society, non-whites play a key and inevitably growing role; the economy is increasingly integrated across racial lines; the people of all races feel deeply that they have a common stake in South Africa's future. (Emphasis supplied.)

Thus, beneficial possibilities of trade, direct and indirect, are manifest in South Africa. American corporations can provide jobs and opportunity for tens of thousands of that nation's non-white population, can provide an example of equal opportunity and equal treatment for all, regardless of race, and can be an important force in integrating the South African economy.

Present Operations: In General

Let me now provide a brief overview of our operations in South Africa.

Although Coca-Cola was first sold in South Africa in 1938, operations were interrupted during World War II. The present phase of The Company's involvement began in 1952 when The Coca-Cola Export Corporation (a wholly owned subsidiary of The Coca-Cola Company) opened a South African Branch.

When we discuss The Company's own operations in South Africa, we are referring to the activities of this South African Branch of The Coca-Cola Export Corporation. The South African Branch controls three bottling facilities that produce Coca-Cola and other soft-drink products. It also has investments in the citrus and apple juice processing industries.

It is important to distinguish the operations of The South African Branch from the operations of the independent bottlers. Thirty-seven independent bottlers are granted franchises by The Company in South Africa. These independent bottlers are not part of The South African Branch. The Company provides these bottlers with Coca-Cola concentrate, with the trademark and with technical advice on such matters as marketing and quality control. The independent franchisees customarily provide capital, local management and local labor in converting the syrup into soft drinks and then selling the bottled product. Other than ensuring that the franchisee is following certain requirements that relate to the trademark, product quality and marketing, The Coca-Cola Company gives franchisees significant autonomy in operations in all nations of the world. The Company sells these independent franchisees the Coca-Cola syrup but does not share in their profits.

A snapshot of the operations of The South African Branch of The Coca-Cola Export Corporation shows the following:

- Employees and Size of Payroll. The facilities of The Branch employ approximately 3,200 non-whites, out of a total work force of 3,800.

  Taken together, The South African Branch and the 37 independent franchisees directly provide meaningful employment for more than 7,000 non-whites and 1,350 whites.

  Moreover, an estimated 42,000 individuals--the vast majority of whom are non-whites--are dependent for their livelihood, in a significant way, on the sale of Coca-Cola and related products. Bottlers of Coca-Cola, and other Coca-Cola products, are the largest purchasers of bottles, crowns, cases and sugar in South Africa, and are major purchasers of trucks and refrigeration equipment.

A large proportion of the 42,000 people are shopkeepers who receive a substantial portion of their income by selling Coca-Cola and related products.

- **Sales.** In 1979, The South African Branch sold 61 million cases of soft-drink products.

- **Investment.** The investment of The Coca-Cola Company in The South African Branch is approximately $60 million. No new investment is necessary on an annual basis in order to maintain or expand the operations of The South African Branch.

## A Pioneer in Race Relations

Before giving you a status report on our performance at present, I should like briefly to describe The South African Branch's history in race relations.

At the outset, I should note that The Coca-Cola Company is perhaps the only American corporation whose present Chief Executive once served as head of operations in South Africa. Mr. J. Paul Austin, Chairman of the Board and Chief Executive Officer, directed The South African Branch from 1954 to 1958.

One of Mr. Austin's first decisions in South Africa was to seek to change the legal requirement that the position of driver/seller on Branch trucks be restricted to whites. Implementation of this far-reaching decision was begun in 1954, after protracted negotiations with the plant superintendent, with other supervisory personnel and with government officials.

The initiative was a complete success. Driver/seller positions in The Branch's operations are now open to all races, and there is equal pay for equal work. Indeed, more than 90 percent of the driver/sellers today are non-white. From this modest beginning nearly three decades ago--when such changes were extremely difficult to make--The Company leadership in race relations has been maintained, due, in important part, to the personal interest and commitment of Mr. Austin.

Over the years, The South African Branch has been committed to a code of fair employment principles for its workers that mirrored the principles followed by The Coca-Cola Company itself in all its operations:

- --the concept of equal and fair employment, including equal pay for equal work;
- --nonsegregation of the races;
- --the initiation and development of training programs for employees;
- --increasing the number of non-whites in management and supervisory positions; and
- --improving the quality of life for non-whites outside the work place.

In early 1978, The Company's Board of Directors carefully scrutinized the policies of The South African Branch regarding its employees and reaffirmed these long-standing principles of fair employment and equal treatment.

These principles represent a commitment to equal opportunity and social justice. But they also recognize that businesses have a larger role within society--to help important segments of society achieve their legitimate aspirations. Thus, despite powerful, historic pressures to the contrary, The Company, substantially ahead of its time, was firm in its resolve to offer employment opportunities and improved living conditions to workers representing all population groups in South Africa.

As I will discuss in more detail below, this commitment has had some important results:

- There is no segregation in the facilities of The South African Branch.

- There is equal pay for equal work in The South African Branch.

- Non-white employees serve in supervisory and managerial positions in all phases of the work of The South African Branch, including such positions as sales managers, group supervisors, field representatives, sales personnel, laboratory technicians and accountants.

- Non-whites supervise the work of whites in The South African Branch.

- The South African Branch operates training programs--and sponsors other training activities--aimed at advancing non-whites to positions of higher responsibility, both within The Branch and in other facets of South African commercial life.

- The South African Branch has concrete programs to improve the education and housing of its employees.

To be sure, there is much yet to be done before South Africa is a society dedicated to racial equality in law and in fact. The present structure of South African law and policy systematically discriminates against non-whites and is, by our standards, unconscionable and indefensible.

But, despite the obvious constraints imposed by the government's apartheid system, we believe that The South African Branch has played a pioneering role in race relations.

This role--and the deep personal commitment of Mr. Austin to social justice and racial equality--has been recognized widely, including an award in 1979 from the Martin Luther King Center for Social Change in Atlanta. Most importantly for our purposes today, when Reverend Sullivan began to draft the principles that bear his name, one of the business leaders he consulted was Paul Austin, whose relationship with Reverend Sullivan dates back to the 1960's when he agreed to serve on the national board of Reverend Sullivan's Opportunities Industrialization Centers. In fact, the Sullivan principles paralleled the approach to employee relations already taken by The South African Branch.

Although The Coca-Cola Company did not sign the Sullivan principles when they were first promulgated, the Board of Directors has recently decided that The Company should join with the other American corporations who have endorsed these standards for their South African operations.

The Company originally felt that it was not necessary to sign the principles because it had long been committed to fair employment precepts and had taken pioneering steps in implementing them. In candor, there was an element of pride involved in that original decision. We were proud of our record in South African race relations. And we were willing to stand alone on that record as a leader in a very sensitive area before the Sullivan principles were formulated and published.

Nonetheless, the Board has now concluded that The Company can more effectively work for racial equality in South Africa by continuing its leadership efforts in the Sullivan framework. As Mr. Austin stated in a recent letter to Reverend Sullivan:

> Circumstances do change. We now feel that we can make a meaningful contribution to your work in this area by joining formally with other organizations as a signatory to the Principles and thereby be in a better position through your good offices to share the successful experience we have had for many years in working for fair employment practices, equal pay opportunities, training programs and many other programs we have often discussed together.

The Record in Race Relations to Date

Mr. Chairman, let me now sketch in the record to date of The South African Branch's efforts to achieve equal treatment and equality of opportunity.

(1) Desegregation

Work stations, comfort stations, and refreshment and canteen facilities are available on an equal, nonsegregated basis to all employees of The South African Branch.

(2) Equal and Fair Employment

As a general matter, The Branch seeks to give its employees every possible opportunity for worthwhile employment and advancement--irrespective of race, color or creed--and to improve their quality of life both within and outside the work environment.

More specifically:

- The current work force consists of 85 percent non-white employees, and this figure is expected to rise to 95 percent within the foreseeable future.

- The Branch seeks to promote non-white personnel into managerial positions. Today, non-white members of The Company hold the following supervisory positions, formerly occupied exclusively by whites: route manager, sales manager, production supervisor, warehouse manager, yard superintendent, chief buyer. Forty percent of The Branch's promotions in supervisory positions in the last five years have been given to non-whites.

o The practice of The Company, in South Africa as throughout the world, is one of equal pay for equal work for all employees, irrespective of race.

o The South African Branch pays a minimum, entry level wage that is substantially above the official South African statutory minimum wage for a worker in industries like the soft-drink industry. In fact, The Branch's minimu, entry level wage, at present, is approximately 150 percent higher than the official statutory minimum wage. It is also about ~~50~~ 10 percent higher than the Supplemented Living Level (the "SLL") for a family of four in Johannesburg and virtually the same as the "SLL" for a family of five. The "SLL" is a modest standard of living measurement which has been established by the University of South Africa and which varies from area to area, with the Johannesburg area having the highest "SLL" rating.

In addition, more than 90 percent of The Branch's employees are paid above the minimum, entry level wage.

- Fringe benefits such as medical insurance, pensions, annual leave and sick leave, bonuses and educational study assistance are available for all employees on the same basis.

Moreover, The Branch has also ensured that fully equipped clinics are available at each bottling plant to serve employees. Doctors and nurses are available at most times at those clinics to provide care for all medical problems--not only those related to work. And there are subsidized meals at the employee canteens. Black production workers receive up to three meals a day at a total cost of approximately 10 cents.

o The Coca-Cola Company is openly critical of South Africa's discrimination against laborers who travel to the country's urban areas for work but who reside elsewhere. Under South African law, these transitory workers cannot bring their families with them when they secure employment in the urban areas and, because wages are higher in the urban areas, they are forced to leave their families for extended periods of time. This discriminatory practice has been part of South Africa's labor law for years.

We believe this practice is morally, socially and psychologically unacceptable. The Branch has for some time sought to curtail the employment of migrants insofar as possible. But The Branch has also determined that it should not precipitously "fire" its present migrant workers, all of whom are eligible for worker fringe benefits on the same basis as other Branch employees and many of whom have substantial time built up in The Branch's pension plans. (Ten percent of the migrant workers have ten years of service or more.)

Since 1975, the number of migrant workers employed by The Branch has dropped by nearly 30 percent as a result of this process of attrition. We thus believe that the best approach is to phase out The Branch's employment of transitory labor but to do so in a manner that minimizes the hardship for existing workers.

(3) Training Programs

As a matter of policy world-wide, The Coca-Cola Company believes deeply in the importance of training programs for all its workers. This has been particularly true in the South African context. The Branch has sought to ensure that its workers can take advantage of new and more advanced employment opportunities that exist in all components of The Company's operations.

In accordance with this philosophy, The Branch built a technical training center at the Johannesburg bottling facility. The center offers extensive training to the Branch's non-white workers, and is utilized by production workers from each of The Branch's plants. Classroom work is alternated with on-the-job-exposure to each phase of soft drink production, and operational, technical and supervisory skills are developed.

In additon, The Branch is one of the first companies in South Africa to: enroll blacks in a college for advanced technical training; train blacks in the internationally known Xerox Professional Selling Skills program; and place blacks at the Motor Training Institute in Pretoria. Last year, black and white employees of The Branch attended an advanced management seminar organized by a United States management consultant firm. These seminars included lectures on management skills, financial planning and manpower utilizations.

The Branch also employs Training Officers at The Branch's facilities. These officers are engaged in a wide variety of training activities in the general areas of management, administration, production and marketing. All seminars are nonsegregated. More than 450 employees have had contact with these training officers in the past three years, and the majority have already advanced to better jobs.

Company bottling plants afford black workers further opportunities to improve skills outside the work situation by enrolling them in courses at Technical Training Centers and paying their tuition. At these centers, employees can improve technical skills in areas not covered at the in-house service training center.

Moreover, to prepare white employees for black advancement, The Branch conducts seminars in sensitivity training. More than 180 white workers have attended these seminars since 1978.

(4) Quality of Life Outside the Work Place

o Education. In the broader context of promoting black advancement in South Africa, The Branch sponsors several scholarships at South African Universities; underwrites training courses for African teachers, especially in the fields of mathematics and science, where qualified teachers are in short supply; supplies funds to buy books for black school children; and provides support to many other educational institutions.

The Branch has also made a major contribution to a private effort conducted under the auspices of the American Chamber of Commerce in South Africa. The Project is assembling funds for the immediate establishment of the first commercial high school and community center in Soweto. When completed, the complex will offer an extensive educational curriculum.

o Housing. Until recently, assistance in the purchase of housing by non-whites was limited because no form of property title was available for blacks in white urban areas. However, as interests in property through leasehold became available for blacks, The Branch has undertaken a housing assistance program for all black employees. In essence, The Branch provides long-term, no-interest loans to enable blacks to purchase their own homes.

(5) Trade Unions

The Branch's policy is to support integrated and/or black trade unions as workers require them. This is part of The Company's world-wide policy recognizing the basic right of all its workers to be afforded full freedom of association and to have the opportunity to organize collectively in order to negotiate agreements on terms and conditions of employment.

As a result of changes in South African labor law during 1979, it is now legal to organize black or integrated trade unions. Although The Branch has not yet been approached by workers seeking to organize, it has taken the initiative in explaining to workers that either black or integrated trade unions will be recognized.

### (6) Assistance to Black Enterprise

Black businessmen now play, and will continue to play, a central role in the sale of The Branch's products--and a central role in the ability of black South Africans to realize their rightful place in South African society.

To this end, The Branch has sponsored a chair in small business administration at the University of South Africa specifically designed for the education and training of black businessmen. The Company has also implemented a course in business planning for black retailers in Soweto devised by the University of the Witwatersrand. The success of this course has prompted The Company to plan for similar courses in other areas of South Africa in the future. Diplomas are awarded by the university to successful participants. In this way, The Company makes a contribution towards the development of black managerial skills for those not directly employed by The Company.

In order to assist collective action among black business leaders, The Company has made financial contributions to the Black Chamber of Commerce in South Africa. The initiative of the Black Chamber of Commerce resulted in the establishment of the first African Bank in South Africa, a bank which is supported by The Company through investment.

### (7) The South African Branch as Corporate Citizen

By cooperating with other companies and organizations serving business or communal interests, including those concerned with the beverage and food industries, The Branch has taken an active role in urging changes in discriminatory labor and social laws and practices in South Africa.

The Branch has also taken a leadership role in bringing about social change and racial reform within South Africa through its sponsorship of sporting events. The Branch will only sponsor sports activities that are conducted on a nonsegregated basis. Through these activities, The Branch hopes to influence national sports governing bodies and other authorities to change their policies of racial separation. The activities of The Branch, and others, have led to important changes in South African sports policies for soccer, tennis and cricket.

## Conclusion

For nearly three decades, Mr. Chairman, The Coca-Cola Company has sought to achieve equal rights and equal opportunities for its employees in South Africa. Today, there is at the highest levels of The Company deep personal interest in the progress of The South African Branch and in the quest of non-white South Africans for racial equality. Top officials of The Company travel frequently to South Africa to monitor the situation. And top officials of The South African Branch return often to the United States so that they are fully conversant with The Company's commitment to fair employment practices and equal employment opportunity. In South Africa itself, plant managers are required to submit quarterly reports to the Chief Executive of The South African Branch detailing problem areas that need attention.

We recognize that the dream of racial equality is far from a reality in the Republic of South Africa. And we recognize that many different steps will have to be taken by many different parties before non-whites achieve what is their moral right: full citizenship and equal treatment under the law.

Any vision of a just society in South Africa must include a decent job, at a fair wage under non-discriminatory conditions for non-whites. For several thousand black, Asian, and colored workers in The South African Branch, substantial progress towards this goal has been realized. By providing jobs, training and the opportunity for advancement with a deeply-felt commitment to racial equality, The Coca-Cola Company takes concrete steps in achieving social justice in South Africa. And, by its example, it can influence others.

Our fundamental commitment in South Africa, as throughout the world, is to racial justice. As our record shows, this has been our guiding principle in South Africa for the past twenty-six years. It will continue to be our credo in the future.

Thank you.

Mr. **Solarz**. Thank you very much.

Since we have so many members of both the subcommittees present, in the interest of facilitating the questioning and as an act of rare self-discipline, I think we will proceed within the framework of the 5-minute rule for asking questions; and I will adhere to that as well, if someone on the staff could begin to keep time.

We will now proceed, and after everyone has asked questions, of course, we will return again briefly.

Could each of you gentlemen indicate for the record whether your company subscribed to the principles of the Sullivan code? I gather you all do, but I want to get it down.

Mr. **Haubold**. Yes, sir.

Mr. **Checket**. Yes, sir.

Mr. **Vojta**. Yes, sir.

Mr. **Kelly**. Yes.

Mr. **Solarz**. Has your adherence to the principles of the Sullivan code required any of you to violate any existing South African law?

Mr. **Checket**. No, sir.

Mr. **Haubold**. General Motors has not been cited for any violation of South African law.

Mr. **Solarz**. Have you knowingly violated any South African law pursuant to your obligations under the Sullivan code?

Mr. **Haubold**. We are not aware of any violations.

Mr. **Solarz**. Mr. Checket?

Mr. **Checket**. No; no, sir.

Mr. **Vojta**. The same answer.

Mr. **Kelly**. As you know, we signed the principles only recently, and we have not yet been to the point of implementing them.

Mr. **Solarz**. You don't anticipate, I gather, Mr. Kelly, that your adherence to the Sullivan principles will require you to violate any South African law.

Mr. **Kelly**. Insofar as what I know at this point in time, I would not think so.

Mr. **Solarz**. Would each of you like to see the other American companies doing business in South Africa that have not yet signed the Sullivan code sign up as well?

Mr. **Haubold**. As one of the initial signatories, we have been encouraged by the growth of this effort from the original 12 to the current 137, and we do hope it expands.

Mr. **Solarz**. You presumably would eventually like to see all American firms operating under the principles of the Sullivan code.

Mr. **Haubold**. We would like to see those firms make a voluntary commitment to join the group.

Mr. **Solarz**. Mr. Checket?

Mr. **Checket**. Yes. We would like to see the firms that have any substantial interests in South Africa. I think when you look at the list, there are many American firms on the list which really perhaps have only a representative. I must note there are 12 companies represented who are not members that are from the media—Time, Newsweek, Washington Post, New York Times, Los Angeles Times. They probably have a representative there, a reporter.

Mr. **Solarz**. Do you mean the New York Times and the Washington Post have not signed up for the Sullivan principles?

**Mr. Checket.** That is correct according to the list. [Laughter.]

**Mr. Solarz.** And you said NBC and CBS as well?

**Mr. Checket.** ABC, NBC, Dun and Bradstreet.

**Mr. Solarz.** This is a classic example of a man-bites-dog story. [Laughter.]

**Mr. Checket.** There are further companies, I am sure, like American Airlines, TWA, and Western Airlines who have a one-man office to try to promote ongoing air freights.

**Mr. Solarz.** Now I know why we have been unsuccessful in getting someone from the Times to cover these hearings. [Laughter.]

**Mr. Checket.** To the extent that there is a meaningful operation, we would like to see them join, and we think as the numbers have been growing, they will continue to grow.

**Mr. Vojta.** I would agree with Mr. Checket's answer, Mr. Chairman.

**Mr. Kelly.** I don't profess to be able to make a judgment on each and every company which has not signed, but as any effort jointly, I think it can best be carried out by as many people as possible being a party to it.

**Mr. Solarz.** You all subscribe to the principles of the Sullivan code. You all say it has not required you to violate any South African law. You all indicate it would presumably be helpful if the other American firms in South Africa who have not yet signed up do sign up.

Last week when we had our hearings, Reverend Sullivan testified that he feels he has pretty much reached the limit of the number of firms he can enlist on a voluntary basis. He is prepared to make continuing efforts, but he indicated he thought there was not much room for getting many more. And, as you probably know, the majority of the American firms doing business in South Africa have not yet signed up.

Now, if it should turn out that Reverend Sullivan is right, and despite his best continuing efforts no more than a handful of additional firms are prepared to voluntarily sign the principles, how would you feel about a legislatively mandated compliance with the Sullivan principles?

And to the extent you would be against it, in the context of the situation where it was clear that we would not get any more to sign voluntarily, why would you be against it?

Mr. Haubold.

**Mr. Haubold.** That is a formidable list of questions, Mr. Chairman.

I think, first of all, we have been very encouraged by the growth of this voluntary effort. While Dr. Sullivan talked of the 130 firms, he also mentioned that those firms employ approximately 80 percent of the work force of American companies in South Africa. So their numbers are much more impressive than it would appear if you just compared the listing of the companies. Many of the companies, as some of the other witnesses have testified, could be very small operations.

We have been encouraged by this growth of the signatory effort, and the progress that the companies have made, and feel in fact that the voluntary nature is the key to the continuing success of the program.

We are somewhat surprised really that Dr. Sullivan has stated that he has reached the end of the road with the companies, because at the last meeting of signatory companies in March, Dr. Sullivan indicated he was embarking on an effort to obtain more participants. And we would expect that in our meeting in June he would apprise us of the results.

In many instances over the past 3 years that the effort has been underway, issues that have faced the principles initiative have been raised by Dr. Sullivan and, in concert with the companies, we have arrived at solutions. And I think that, very frankly, if this issue now is brought to the companies, I think there can be imaginative and innovative approaches that would see the dual objectives we have of increasing the participation on a voluntary basis achieved.

Mr. SOLARZ. My time has expired, but I will ask the other members of the panel to respond to the question, and then Mr. Bingham will follow.

Mr. CHECKET. Well, Mr. Chairman, while it would be nice to have all of the companies, as I pointed out, many of them are not of any real consequence from the standpoint of employment in South Africa. In my view it is not the quantity but the quality, and what we see is most all of the major firms with investment—if you want to put it that way—they are members. So it does not distress me that there is not 100-percent participation when 100 percent would not contribute that much.

I think what is more important is the fact that the Sullivan principles have had such a significant impact in South Africa as to create all of the other codes, and what we want to look at is how the companies of other nationalities—because it is not just the American investment, which is by far the smaller investment versus the United Kingdom or if you take the other EEC countries as a total—and the endorsement of codes of South African companies who are members of the Urban Foundation and subscribe to its code. So I think that is the aspect that is important.

I disagree with Dr. Sullivan on what he says on his effort or efforts that should go on. We disagree that this should be legislated. We believe legislation would be counterproductive. Aside from such legislation being applied extraterritorially to only one country and not all countries, it just seems to me that we look at our own employees who would resent having legislation, people who are devoting their time, own time, not necessarily company time, to help black businessmen, to help in schools and to develop other kinds of programs.

I think there would be utter resentment. It is one thing to legislate and dictate from corporate headquarters what to do, but it won't get done unless it has the support and cooperation of people all the way down the line in the organization. There is just no question about it, and we believe we do have that support.

I visit South Africa frequently to check up on this and talk to our people, and it is amazing when I see, as I did a few months ago in South Africa in our group working on the BABS program, dedicated men and women. This is their whole ambition, to get this program moving; and they put in untold hours.

What I would recommend is not legislation but a resolution of the Congress which endorses the Sullivan principles. I think this would have a substantial effect, an effect on other governments in the EEC or any other country. And I think that would as a step contribute far more than legislation.

Mr. **Solarz.** Mr. Vojta?

Mr. **Vojta.** I would simply emphasize the point that in my opinion the genius and the creativity of the Sullivan program relates to the voluntary nature of it, on the one hand, looking at it from a corporate point of view, but also related to the fact that it represents a process of change which has been permitted to occur in South Africa by the authorities there. And looking at the record since the inception of the program and in particular projecting forward the targets that Reverend Sullivan covered in his testimony, I must conclude that the movement is quite substantial. And I think, if I may respectfully say so, Reverend Sullivan takes too conservative a view of the success of the program.

Every company that is a signatory and has an active program has plans to expand the involvement it has, and I think you have heard some of the specifics of that in the corporate testimony. There doesn't seem to be any indication at this point in time that that kind of expanded involvement will not happen.

If an abrupt legislated change were introduced into this environment, I think that the chances are high that all of this momentum would begin to reverse. So I would strongly emphasize that point and suggest that the scope is expanding and the record is really quite substantial and prospectively good.

Mr. **Solarz.** Mr. Kelly?

Mr. **Kelly.** I would like to answer simply this way, Mr. Chairman. As one employer it will not make a difference to us whether we are a part of the Sulivan principles or not, whether they are legislated or whether they are voluntary. We will continue with our efforts.

It seems to us that a voluntary program is best as opposed to one which is put into law, if it works. It seems to us that the Sullivan principles are working. Whether they are working fast enough or well enough, I guess, is up to individual judgments.

We would like to see it work. I cannot imagine that there would not be other companies that may come under it. And I am not sure that it has been working on the basis it is now predicated on long enough. If it doesn't work, then we should back up and look and see what we should do.

Mr. **Solarz.** Mr. Bingham.

Mr. **Bingham.** Thank you, Mr. Chairman.

I would like to direct my questions primarily to why your companies are there. I would assume, broadly speaking, you are there to make money, to make profits.

Mr. Haubold, you stated in your statement that General Motors was operating in South Africa at a loss. First, what is the trend? Has that been consistently so? Have you shown a declining situation? What is your prognosis?

And if you are going to be operating at a loss there, in view of the headache this involves for you—the stockholders' problems, the public relations problems in this country with various groups—why do you stay?

Mr. **Haubold**. General Motors has been in South Africa since 1926. Last year, total vehicle sales in that country represented about 40 percent of all sales on the African Continent, so it is a substantial motor vehicle market.

As you know, the automobile industry is cyclical and in the last several years we have been at the bottom of the trough in South Africa. We are hopeful that with the new product offering we can regain profitability in the near term and restore the financial health of that operation. In the past it has been self-supporting.

Mr. **Bingham**. For how many years has it been in a loss position?

Mr. **Haubold**. The last 3 years.

Mr. **Bingham**. Mr. Checket, the same question with regard to Mobil, but first I should ask what is your profit or loss picture from your South African operations? And if it is a profit situation, what percentage is that of your worldwide profits?

Mr. **Checket**. We do make a profit in South Africa. We don't break down total profits in any country as against the total corporate income because we have it in various segments in the corporation, whether it is some pieces in exploration or transportation or international sales; so we don't do that for any country as against the total just because of the accounting system that we have.

Mr. **Bingham**. Is that because it's confidential, or because you can't figure out what percentage?

Mr. **Checket**. Part of it as to individual countries is competitive, and partly it's just that we haven't instituted an accounting system that would show total profits in any one country as a percentage of total corporate income. It isn't required for the shareholders to get each segment of the operation applicable to a country, any more than we can break out profits by product line. We struggled for years as to how you allocate expenses, et cetera. So we don't do it that way.

Chairman **Bingham**. But you did say you are operating at a profit there.

Mr. **Checket**. That is correct.

Mr. **Bingham**. What has been the trend? Is it up, down, about the same?

Mr. **Checket**. Oh, it varies from year to year. I would say it has not varied significantly up or down in the last few years.

Chairman **Bingham**. Mr. Vojta?

Mr. **Vojta**. Sir, our operations are profitable, and for the last 4 or 5 years they have been essentially stable at a rather constant level of profitability.

Mr. **Bingham**. Would you give us the percentage of your total profits?

Mr. **Vojta**. As I mentioned in our testimony, it is not a material percentage. It is quite small in terms of our total activity. We have, as I pointed out, less than one-half of 1 percent of the total assets on our books in the South African operations.

Mr. **Bingham**. Isn't it a headache for you to operate there?

Mr. **Vojta**. It has its headaches, but we think many other markets have headaches as well. It is our job to deal with these problems, sir.

Mr. **Bingham**. Mr. Kelly?

Mr. **Kelly.** We enjoy very good business in South Africa. We are a major factor in the soft drink business. We have a profitable operation and no major problems.

Mr. **Bingham.** Can you tell us approximately what percentage of your total profits are represented by South Africa?

Mr. **Kelly.** Sir, in the area of the business I am involved in I do not know that. I would not normally come across it. If it is something you would like for the record, I would attempt to get it.

Mr. **Bingham.** Could we have that?

Mr. **Solarz.** Yes. As a matter of fact, for the record we will submit to each of you gentlemen a series of supplementary questions which may not be covered at the hearing today, and we would appreciate it if you could supply answers for the record.

Mr. **Kelly.** So this one will be a part of it.

Mr. **Bingham.** [Nods affirmatively.]

I have just one other question, Mr. Chairman, of Mr. Haubold. I was rather startled by your comparison of the situation in Chile under Allende and the situation in South Africa today. Would you say that under no circumstances would your company withdraw voluntarily from a country because of the social conditions you encounter there?

Hypothetically, say it were Nazi Germany, but we didn't have a Government embargo. Would you still feel comfortable operating there?

Mr. **Haubold.** Sir, I don't believe I made that comparison.

Mr. **Bingham.** Oh, I beg your pardon.

Mr. **Gray.** That was Mr. Vojta.

Mr. **Vojta.** But if you would like to answer——

[Laughter.]

Mr. **Bingham.** I stand corrected.

Mr. **Vojta.** Would you like me to address it?

Mr. **Bingham.** Yes; please.

Mr. **Vojta.** The issue covered during the hearings on Chile was whether business institutions ought to serve abroad as extensions of American foreign policy. At one point in those hearings we found emphasis strongly put that we should be proactive, then later the point was stressed that we should avoid taking positions at all.

Our point is simply that attitudes about the role of business institutions in foreign policy go through phases. In one phase there is a strong line that says be very active and so on. In another phase the line is to withdraw. And we have tried to suggest to you that a consistency of principle, which I summarized again for you in the testimoney, is the only way that an institution like ourselves can reasonably operate.

To the point about do we ever withdraw because of a serious decline in social or political conditions, we have many instances where that has been the case, where it simply becomes impractical or impossible to conduct an ongoing business. In the case of Nazi Germany, once that situation emerged, we did in fact withdraw. One of our major preoccupations of the 1930's was the successful collection of loans we had outstanding, in most cases to German banks which had been taken over by the Nazi government. It was a matter of high priority to our bank to successfully liquidate those loans which we fortunately were able to do.

So when any country market deteriorates to that extent, it becomes economically unviable. In a politically chaotic situation we have to pack up and go home. We just did so in Iran as a more current example.

Mr. **Bingham.** Thank you.

Mr. **Checket.** Mr. Chairman, we managed to get an hour's delay. Mr. Phillips called New York and the New Zealand Government people.

Mr. **Solarz.** We appreciate the fact that you can stay longer.

Mr. Lagomarsino.

Mr. **Lagomarsino.** Thank you, Mr. Chairman.

I missed the hearing last week or earlier, and as I understand it, the comparison was between the American companies in South Africa who had signed the Sullivan principles and those who had not. What I would be interested in knowing—and I'm not sure whether you can do any more than perhaps give me an educated guess about this—is how many of the companies who, although they had not signed the principles, as Coca-Cola had not done until a short time ago, follow the principles, in their business and in their personnel dealings.

In other words, it seems to me that what we should be concerned about is not whether someone had signed the paper but whether they were following the principles or nearly so. Could any of you speculate about that?

Mr. **Haubold.** [Shakes head negatively].

Mr. **Checket.** No. It is difficult to speculate. There are one or two of the firms here who, I believe, do follow either the Sullivan principles or the Urban Foundation principles.

Mr. **Lagomarsino.** Do any of the rest of you wish to comment?

Mr. **Haubold.** I have no information which would be helpful.

Mr. **Kelly.** We had our own principles we were following prior to signing the Sullivan principles, but I do not know, sir, about other companies.

Mr. **Lagomarsino.** Could any of you speculate as to what the Government of South Africa's reaction might be if the Sullivan principles were enacted into law?

Mr. **Checket.** I believe it would have a very adverse reaction from the South African Government. It would not be terribly surprising if any government would not react to extraterritorially specific legislation applied against it by some other country. I think that would be true in this country. We believe we have the full cooperation of the South African Government behind the Sullivan principles. That has encouraged, as I mentioned, the other codes. It has encouraged people to move ahead.

Unless you keep going to South Africa and see the changes, it is difficult to describe how dramatic some of the changes are. And as I said before, I believe U.S. legislation would have a tremendous adverse effect on individuals—individual employees devoting their time to this problem. So I can see nothing productive and much counterproductive if such legislation were to be enacted.

Mr. **Lagomarsino.** Would any of the rest of you care to comment?

Mr. VOJTA. I would agree that we probably would get a hostile reaction from the South African Government.

Mr. LAGOMARSINO. Several of you mentioned that you disagreed—in fact, I guess all of you disagreed—with the principle of apartheid and that you were doing what you could to try to influence the South African Government to try to change that policy.

Could I ask you how you go about doing that? Do U.S. firms approach the Government either directly, indirectly, individually? Is there any kind of a joint effort?

Mr. HAUBOLD. I could give you one example of how this works. The manufacturers in the Port Elizabeth area where we operate were very concerned as to the need to provide technical training, vocational training for blacks, the urban blacks we employ.

For a number of years it was our understanding that the government did not provide facilities for that type of training for urban blacks in the so-called homeland areas. So General Motors and several of the other major manufacturers in Port Elizabeth approached the appropriate government agency, identified the need, and reached an understanding with it that if in fact the companies could come up with the capital to build training facilities, the government would operate them. As a result of this, General Motors contributed $360,000 toward this $1.9 million facility called the New Brighton Technical Institute. It was opened this year, and it has a capacity for teaching 600 urban blacks vocational skills.

Mr. LAGOMARSINO. Thank you.

Does anyone else wish to comment?

Mr. CHECKET. Well, I think we do have contact with the Government through our participation in groups. Our former manager who has now retired—and before the Sullivan principles—made one of the most startling speeches as head of the National Development Foundation, that was broadcast nationwide in South Africa, which in fact called for an end to apartheid.

I know he was very instrumental in having the 99-year lease-hold enacted. So, yes, Mobil employees behind the scenes one way or another, just as interested citizens and people dedicated to change, they do have an effect.

Mr. LAGOMARSINO. Do the rest of you gentlemen wish to comment?

Mr. VOJTA. Just to continue that thought, another example in our case would be when we wished to send our first black management trainee abroad for training a number of years ago. It proved initially difficult to secure a visa for him to make the trip so that he could attend our banking training facilities outside of the country. But after persistent conversation with authorities, an understanding was reached, and the gentleman was able to leave and fulfill his training assignment. He now holds an appointment as an officer of the bank in South Africa.

Now we have two or three more in training, so that opened up a channel of management development for us. I think there is a variety and constancy of examples like that, which is what all of us more or less are experiencing.

Mr. LAGOMARSINO. My time has expired, but if I might make one comment to Mr. Haubold, Mr. Bingham's question about why you don't withdraw from South Africa because you are not in a profit situation now must be a terrorizing thought to you. I imagine you would have to withdraw from the United States right now.

[Laughter.]

Mr. **Lagomarsino**. I hope that changes.

Mr. **Haubold**. We do, too.

Mr. **Lagomarsino**. I might say with regard to the difficulty in dealing with the South African Government, although we have been talking about this particular problem, there are difficulties in dealing with this government as well.

[Laughter.]

Mr. **Solarz**. Thank you very much for your wisdom, Mr. Lagomarsino.

[Laughter.]

Mr. **Solarz**. I think Mrs. Fenwick is next.

Mrs. **Fenwick**. Thank you, Mr. Chairman.

I would like to ask all of you about the workers' restrictive act. I understand that this is an act that the government passed sometime ago, and that some of the restrictive measures included in that act have been rescinded and others still exist.

Could you speak to me a little bit about that? What difficulties do you find in trying to administer the act?

But first, if the Chairman will forgive me, before you answer that question, I must defend the Reverend Sullivan, who is an old friend; and I don't think he has been quite accurately portrayed here.

He indeed felt he needed government action backing up his efforts to get the Sullivan code more widely adopted; but he felt that if we had a government-sponsored conference here at headquarters between the companies who complied and the companies who don't comply so that some of those not in compliance could hear from those who are in compliance how it works and how it does not damage their operations, that that would be most helpful. He was closely inquired by one of our most able members as to how long we should wait for the effects of this conference, and he said not more than 1 year.

So the threat would be that in the absence of any improvement in the 167 companies not in compliance, our Government should take action after having made a conspicuous effort to back up the Sullivan code. And I think the resolution that one of you proposed was excellent, to call for a conference here so those companies could get together to understand. Perhaps it could be managed in some conference center.

I wanted to defend him, because I don't want you to scold him when he gets to your board meeting, Mr. Haubold. He is very firm in saying he would like some evidence of support on the part of our Government, and I think he deserves it.

Now, to get to the workers' restrictive act, which is apparently very much a feature, could you gentlemen tell me what has been lifted and what remains to be lifted? What is that workers' restrictive act?

Mr. **Checket**. I don't know of an act called the Workers' Restrictive Act.

Mrs. **Fenwick**. Whatever it's called, perhaps the Work Reservation Act. I hope you know what I mean.

Mr. CHECKET. There were at one point a number of acts which restricted jobs which could be filled, the segregation of facilities, et cetera. We have not had any—well, there were a number of acts and a lot of restrictions have been——

Mrs. FENWICK. For instance, blacks supervising whites, was that part of a restrictive act?

Mr. CHECKET. I don't know if it was called the restrictive act, but at one time there were certain restrictions that the government put on. A lot of the restrictions were contained in so-called enabling legislation; that is, you are free to do it unless someone complains, and the government decides to send in an inspector to say you can't do it.

Much of the legislation that has to do with segregation of facilities, such as dining and washrooms, et cetera——

Mrs. FENWICK. We know you can do that because the people complying with the Sullivan code do.

Mr. CHECKET. That is correct.

Mrs. FENWICK. I am trying to find out what is hampering the blacks by law now, that companies must cope with and obey.

Mr. CHECKET. We don't have any problems. There are no acts that we have that have restricted us in any way whatsoever.

Mrs. FENWICK. Mr. Kelly, are you aware of any?

Mr. KELLY. I assume you are speaking of the law which reserves certain jobs for whites.

Mrs. FENWICK. That is it.

Mr. KELLY. That has been repealed, as I understand it, in 1979. It is something many of us were working on.

Mrs. FENWICK. Was it repealed in its entirety?

Mr. KELLY. I am not sure. I don't think—I was under the impression that it was repealed.

Mr. CHECKET. There is only one act which still has an effect, that is the group areas act; and that is the ability of people to move freely, for instance from a country area into an urban area, and to have a right to live in the urban areas. That is still a factor that has an effect.

Mrs. FENWICK. We know about that, but my time is so short. You, Mr. Kelly, have hit nearest the point. Which jobs are they not allowed to take?

Have you run into that?

Mr. HAUBOLD. We are not aware of any jobs that are reserved for whites, or looking at the issue the other way, all job reservations which have been put to General Motors have been rescinded over a period of years. The last such determination was effective December 1979, so the law is not the barrier at this point in time.

Mrs. FENWICK. Is my time up?

Mr. SOLARZ. No.

Mr. CHECKET. That was the so-called Job Reservations Act.

Mr. SOLARZ. Continue, but we will return on the second round.

Mrs. FENWICK. Do you find, any of you—I have two questions. Do you find that profits and production are helped or hindered by the Sullivan code, the Coca-Cola code, or any of these others? In other words, does it increase worker satisfaction and production or do you find it a hindrance?

Have any of you a feeling on that?

Mr. **Checket.** Well, as far as the Sullivan principles, we were doing this before that. It does help.

Mrs. **Fenwick.** I am just asking if these codes, whether it is the Sullivan code, the EEC, or the Urban Foundation, do they increase worker satisfaction noticeably so that profits and production rise, or do you find that there is no difference?

Does it improve the climate, the atmosphere in the plant?

Mr. Haubold, do you find that at all in your operation?

Mr. **Haubold.** We are speaking from a unique situation, being in an unprofitable situation.

[Laughter.]

Mr. **Haubold.** The attitude of our work force has not been as significant in this area as our absence of customers. We have not, however, suffered any adverse impact that we have been able to determine in our work force, and as a matter of fact, the changes we have made have been positively received by our employees of all races.

Mrs. **Fenwick.** In other words, there is no difference. Do you know anything about the cadet schools or these 10 major firms employing 750,000 people, South African firms who are now in consultation with Reverend Sullivan?

[No response.]

Mrs. **Fenwick.** You probably will hear about that at your meeting, but according to other testimony we have had, some of the South African companies are forming cadet schools so that black workers can be given preliminary education so that they can get into courses not given in black universities which are given in white universities.

Do you know anything about those cadet schools? Do you know, Mr. Vojta? I see you are nodding.

Mr. **Vojta.** I just know generally, ma'am, that that approach is being developed, and it is along the lines of Reverend Sullivan's approaches in this country, and it seems to be catching on there with South African firms.

Mrs. **Fenwick.** Are any American firms doing it as far as you know?

Mr. **Vojta.** I am not familiar with a case of direct participation, but as you have heard, many of us are supporting, for example, the American Chamber of Commerce's project for a commercial high school.

Mrs. **Fenwick.** As well as vocational education.

Mr. **Vojta.** Yes. I think it is in the same pattern.

Mr. **Checket.** I think, Mrs. Fenwick, that among the companies that Reverend Sullivan talked to, one is the Anglo-American Corp. Another is Barlow Rand. Anglo-American is the largest corporation in South Africa, and Mr. Oppenheimer, the head of it, is a leader in this whole movement, and he is a founder of the Urban Foundation and so on.

Yes, he has started this, and we will see how it goes. But we have acted very closely with Anglo-American from the Urban Foundation on up. We have just talked with the people in these companies subsequent to Dr. Sullivan, and they do support the Sullivan principles and have adopted them and are more than willing to cooperate with Dr. Sullivan and his principles.

Mrs. **Fenwick.** I wonder if you have a list of those 10 largest companies which have consulted with Dr. Sullivan? Have you a list of those companies?

Mr. **Checket.** We do have it, yes.

Mrs. **Fenwick.** Could you submit it for the record?

Mr. **Checket.** Certainly.[1]

Chairman **Solarz.** Thank you.

Mr. Gray.

Mr. **Gray.** Thank you, Mr. Chairman.

Am I correct, gentlemen, in assuming that as of right now there is no South African law which would prohibit the full implementation of the Sullivan principles in your companies in South Africa?

Mr. **Checket.** That is correct.

Mr. **Vojta.** I believe that is correct.

Mr. **Gray.** So there are no laws, the South African Government has no law that would prohibit the implementation of the Sullivan principles. Therefore, is it custom that is prohibiting the implementation of these principles?

If there is no South African law, why aren't the principles in place in all of the other companies? If there is no violation of South African Government law, of the other 160 companies that were mentioned what is it that prevents them from being implemented?

Mr. **Checket.** Well, I think in response, sir, we don't know that they are not implemented. We just don't know that they are implemented.

Mr. **Gray.** Have you read the Arthur Little report or the Institute on Race Relations report?

Mr. **Checket.** Well, if I leave aside the American companies, certainly every company in South Africa I am sure does not——

Mr. **Gray.** I am only talking about American companies.

Mr. **Checket.** I couldn't comment on all of the American companies.

Mr. **Gray.** What I am asking is, if there is no violation of any South African Government law involved in the implementation of these principles by American corporations, why haven't they been instituted? Is it because the corporations are just agreeing with the local customs?

Mr. **Checket.** It is impossible to say, sir, any more, I suppose than why any company here violates the EEO regulations, for whatever reason.

Mr. **Solarz.** If the gentleman will yield.

Mr. **Gray.** Yes, I will yield to the gentleman.

Mr. **Solarz.** I think it might be useful, without objection, if a letter was sent to each American firm doing business in South Africa which is not a signatory of the Sullivan principles in the name of the subcommittees asking them why they have not chosen to sign up for the principles, and we will see what they have to say.

Mr. **Gray.** You have taken my second suggestion, Mr. Chairman. [Laughter.]

Mr. **Gray.** I guess what I am concerned about is if there is no violation of South African Government law, then why have not the American companies implemented these seemingly very fair and obviously equitable practices and principles in their firms in South Africa?

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[1] At time of publication the request material had not been received.

And I was hoping that someone here might perhaps hypothesize or speculate. And I guess what I hear is that no one has any guesses on that.

Mr. Haubold, since your last company testimony in 1978, black employment in the 3 highest categories of hourly jobs increased by only 2 out of a total of 757 jobs. Also, in salaried jobs there are only 15 blacks, which represents an increase of 11 out of a total of over 1,100 jobs.

Does General Motors regard this as progress in implementation of equal opportunity in South Africa?

Mr. HAUBOLD. Well, as the statement shows, sir, the automobile industry and General Motors in particular has been in a declining employment situation over the past several years. The numbers you refer to, I might point out in those particular categories the while employees decreased by 15 and the total nonwhite increased by about 40, as I say, during a period of declining employment.

I think the other factor we would want to look at is the fact that if we were to compare, let's say, 1972 to the current time following our hiring program, following the hiring of 845 people in the first quarter, if we look at the semiskilled and skilled grades, you would see blacks have increased from 24 to 124, that coloreds increased from 300 and some odd to over 700. So that we have been making some progress.

Mr. GRAY. Are those in the three highest categories?

Mr. HAUBOLD. Yes. The semiskilled and skilled, sir, the two highest groupings of our hourly classification structure: With respect to the salaried work force, in the first quarter we have increased from 8 blacks to 15 blacks with 52 nonwhites. This produces a figure of about 6 percent of our salaried work force, which is the highest level in our history there.

Now, we are not saying for 1 minute that the job is done. We are not saying we are there. We are saying that we are making progress, and other the past several years under very difficult conditions. And hopefully the sales upturn we have experienced this first quarter will continue, and we will be able to do more. We are committed to doing more.

Mr. GRAY. So your response is that the increase of 11 really is a determinant of the economic downturn of business, not necessarily a lack of equal opportunity among people in the plant.

Mr. HAUBOLD. Yes, sir.

Mr. GRAY. One other question I would like to ask is does General Motors sell any products to the South African police or military?

Mr. HAUBOLD. We sell standard commercial vehicles which are the same type of vehicles which are available at our dealers to any customers, and which could also be provided by other manufacturers in South Africa who are not affiliates or subsidiaries of U.S. firms.

Mr. GRAY. Does General Motors sell vehicles to the South African police and military?

Mr. HAUBOLD. Yes, sir. That type of vehicle.

Mr. GRAY. Could you tell me approximately how many vehicles?

Mr. HAUBOLD. No. I don't have any information. I know we had sold 1.700 or about 6 percent of our total sales to the Government. A portion of that would be for military or police.

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Mr. **Gray**. Are the figures around 380 vehicles a year to the police and the military?

Mr. **Haubold**. I don't know.

Mr. **Gray**. That is the information I have. Do these products have any overseas parts or technological data, to your knowledge?

Mr. **Haubold**. We have been advised that these sales by our subsidiary are not in violation of any U.S. law, and therefore, do not include any U.S. source components or any unpublished technical data.

Mr. **Gray**. Let me also join into something my chairman said. I noticed the emergence of Coca-Cola when I was in Zimbabwe also. Mr. Kelly, you state that of the 3,800 people employed by Coca-Cola, only 600 are white. How many of the 600 whites are classified as managers or supervisory personnel, and how many of Coca-Cola's black employees fall into those two categories? Have you any figures on that?

Mr. **Kelly**. Let me see if I can answer it this way. We have our classification probe done between hourly paid and salary paid. Salary paid generally will be in supervisory, managers, quality control technicians, professionals, accountants in the office and so forth. About half of all of the salaried people are nonwhites; 46 percent are blacks of the salaried personnel. That will come, I think, to roughly 125 blacks.

Mr. **Gray**. But how about the 600 whites? Does that mean that 50 percent of the whites employed by Coca-Cola of South Africa would fall into manager or supervisory personnel?

Mr. **Kelly**. I think that would be about right.

Mr. **Gray**. Fifty percent of all of the whites are managers and supervisory personnel, and 125 out of 3,200 nonwhites would be managers and supervisors. Would that be roughly the figure?

Mr. **Kelly**. I'm not exactly sure that that would be it.

Mr. **Gray**. Let me get to another point which you raised in terms of the distinction. You state there is no segregation in Coca-Cola's South African facilities. I wonder how accurate that statement is.

Does Coca-Cola segregate its cafeterias on the basis of hourly versus salaried workers? And when you talk about the figures you just used in terms of hourly versus salaried, it is obvious, it seems to me, that most of the nonwhite employees are hourly.

Does this perhaps not constitute a form of de facto segregation along economic lines which happens to have an ethnic congruity to it?

Mr. **Kelly**. I understand certainly what you are saying. In some of our facilities——

Mr. **Gray**. And by the way, this might lead someone to assume that the Sullivan Principles may not be achieving their goal in terms of desegregation of eating facilities.

Mr. **Kelly**. Yes. No facilities of the company are racially segregated for the same type of employee, and as I mentioned a while ago, we have salaried and hourly. For hourly personnel the geographic facility may be geographically removed from where the salaried cafeteria is because of the desirability of having it in proximity to where the people work. It may be on the next floor, the other end of the building, or in a separate building. So that with 80 percent of our work force being black and 80 percent of the population in South Africa being black, our being in a very labor intensive industry, we do have a large number of black hourly workers as you no doubt know.

So, yes, that would be true insofar, or it could be true insofar as the hourly facilities are concerned. But half of the people who would eat in the salaried cafeteria would be nonwhite.

Mr. Gray. So someone who walked into your cafeterias not knowing the economic differences might see the hourly one and think that is a black one and the other one as somehow partially integrated and make the wrong assumption about non-compliance.

Mr. Kelly. I suppose someone might do that, yes.

Mr. Gray. Are there any white hourly workers? What is the percentage of white hourly workers?

Mr. Kelly. There are not. All of the hourly workers are black.

Mr. Gray. So, therefore, all of the people in one cafeteria by definition on economic grounds in the hourly workers' cafeteria would be black.

Mr. Kelly. So long as all of that work complement would be black, that may be true.

Mr. Solarz. How far apart are these cafeterias?

Mr. Kelly. The ones I can recall seeing would be on a different floor of the building and in a different end of the building.

Mr. Solarz. Are they fundamentally different? Is one an executive dining room and the other a cafeteria where you go through the line?

Mr. Kelly. My recollection is they are both cafeteria-type facilities.

Mr. Solarz. If that's the case, it strikes me you are engaged in what is a patent subterfuge here. Every company has executive dining rooms, and obviously there are differences between where the executives eat and where the workers eat. But if the dining rooms are in close proximity, and the layouts are the same, and the food is the same, and you go through the same kind of line, then what is the justification for having one cafeteria for salaried workers and another for hourly workers?

Mr. Kelly. The cafeterias are not side-by-side. They are physically separated. We have in many facilities, and I suspect most business organizations do have, separate cafeterias for hourly personnel and salaried personnel within an organization.

Yes, our hourly people in Johannesburg are all black. That's not by any particular way that we hire people. Those are the people who have applied for the jobs.

Mr. Solarz. An hourly worker would not be permitted to eat in the salaried workers' cafeteria.

Mr. Kelly. An hourly worker would not be.

Mr. Solarz. Would a salaried worker be permitted to eat in the hourly workers' cafeteria?

Mr. Kelly. I'm sorry. I don't know. I would assume that that would not be the case.

Mr. Gray. I know time is running, and I have another colleague, and there are also two others who want to ask more questions, and I will want to ask more questions. But it seems to me dividing it along those lines certainly leads one to the conclusion that when all of the hourly employees are black and all of the salaried are white, that is de facto segregation. It may not be de jure, you may not say this is for black folk and this is for white folk, but the fundamental reality is the very structure of it leads to that kind of a situation. And I wonder about compliance with the Sullivan principles in light of the call for ethnic integration and also the statement that you have made that Coca-Cola has been for quite some time attempting to follow the principles of the Sullivan code.

So with that observation I would like to——

Mr. KELLY. May I make a quick comment?

Mr. GRAY. Yes.

Mr. KELLY. We don't see that as being a violation of the principles we have been operating under, nor the Sullivan code. This may be the situation, but the other cafeteria that just a few years ago had nothing but white people in it is now half nonwhite, and that is progress in that area.

Mr. GRAY. I understand that. So what you are saying is as a result of the Sullivan principles and some progress, you now have hired some blacks who are salaried workers and therefore have the right to eat in the salaried dining room. But all of your hourly workers are black, and therefore eat in one. And that also makes me question the economic mobolity of blacks within Coke in South Africa if they are all in that category. Why aren't there any whites who are hourly workers?

Is there no labor market for whites who would like jobs as hourly, or do they all come with such overwhelming skills they immediately become salaried?

Mr. KELLY. We have not been able to hire any lately.

Mr. GRAY. I yield.

Mr. SOLARZ. Mr. Fithian.

Mr. FITHIAN. Thank you, Mr. Chairman.

I presume that one measure one could use in this whole business of progress is training programs that are being sponsored both in the schools and in the companies' training programs.

Would each of you comment on what your companies are doing, if anything, to try to give that kind of training to nonwhites which might then qualify them for better positions in the company? We will just start and go down the line.

Mr. KELLY. Yes; we have been heavily involved in training for some period of time. And as I mentioned in my testimony, we began to get involved——

Mr. SOLARZ. If the gentleman would yield for 1 minute, what I would like to do, Mr. Fithian, since these are the first bells, I will register my presence now. Why don't you continue? I should be back around the time of the second bells, so we can continue the hearing.

Please continue. I am sorry.

Mr. KELLY. We began training many years ago to move people into route selling jobs into these positions which they had never held before. We had people attend training courses in sales. We had people attend courses in driving. We have people in sales jobs who are attending various kinds of seminars in selling. We have at the main plant in Johannesburg, which is attended by people who work at our other two plants, very extensive training programs to train nonwhites for supervisory jobs. It is the kind of program where you have classroom work and then you have on-the-job work. This is also moving people into what is referred to as artisan jobs, which have not been available for nonwhites before.

And then there has been training for quality control technicians which started in 1975 for black sales managers in 1975, for forklift operators in the plant since 1969. The driver-sales program has been in existence since in 1971.

These are training programs, Congressman Fithian, within our employment structure, within our own company. And then we have sent people to various other kinds of programs such as the Xerox professional selling skills, Lewis Allen Consulting Co., Auto Training Institute.

Mr. FITHIAN. I have a follow-on question, but I don't want to dominate the whole time. Maybe we could sweep down the line with a brief comment as to each company's operations.

Mr. VOJTA. Yes, sir. In Citibank we have training going on at all levels. For the staff in general there is specific on-the-job training for each position, as well as specialized formal training.

We have also encouraged and expanded off-premises courses, training courses that our employees can take for purposes of developing special skills, such as accounting.

We have a tuition reimbursement program that supports the fees paid by our staff in pursuit of formal degrees. And I think the most important development recently in the last 3 or 4 years has been, as our employees have moved up into managerial categories, the use of our worldwide Citibank training facilities for special purpose training. This has come in the form of specific courses, or alternatively, assignments abroad for set periods of time at our corporate headquarters or some other important installation where people are given preparatory training for purposes of returning to South Africa to assume a position.

Mr. FITHIAN. Is it true, though, that at present you have only one black officer in your entire bank structure?

Mr. VOJTA. That's right. We have seven official employees in basic supervisory positions, as section heads and so on. Officer status is about the fourth notch up in our official hierarchy, other than the clerical ranks, so we have seven officials and one officer at this point.

Mr. FITHIAN. Thank you.

Mr. Checket.

Mr. CHECKET. Yes. Within Mobil, aside from our regular types of training courses, we have instituted a self-advancement training program—the full details of which were submitted to the committees in 1978. As I have described in our paper, we spend considerable time and money on education. We give support to 29 colleges, universities, and other technical schools, and a lot of our people devote time to this.

One of the things which is difficult to recognize and the problems in raising to very high levels nonwhites, particularly blacks, is the output from universities. As we said before—and I don't think things have changed that much—there are 3½ million people in school. I understand now it has just gone to 4⅙ million; but out of those who enter in primary school. at least in 1976 and there hasn't been much change since then, only a little over 6,500 graduate. Some of those went on to the university, and there were 1.116 graduates out of the university.

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The bulk of them were in the liberal arts; very few of them were in the sciences. As to accountants, there was only one non-white CPA in South Africa at that time. And this is where the great burden is, there should be more students in the pipeline, more who can have financial support.

Mr. FITHIAN. Your general argument is there is progress ahead, I take it.

Mr. CHECKET. That's correct, as we get more people through the pipeline.

Mr. FITHIAN. Mr. Haubold.

Mr. HAUBOLD. Yes, sir. With respect to the training activities, that would be activities for our employees. In November, we opened a $1 million training facility on plant property that will be used to provide a wide range of training programs to our employees. We also provide our employees with a tuition refund program, and we have some employees on scholarships to universities in South Africa.

Mr. FITHIAN. I'm getting so close to the end of my time that I must cut and run here. I wonder if each of you would make an estimate, assuming you pursue your programs and assuming the South African schools do what they are doing, and the universities do what they are doing and so on—assuming you really see progress—how long are we talking about getting to a skill status where the managerial and supervisory positions throughout American industry in South Africa would be 50–50 black and white?

I know that is hard to do, but tell me, are you talking about 20 years, 10 years, 1 year, as you see it?

Mr. HAUBOLD. I don't know if I could put a timeframe on that, sir.

Mr. FITHIAN. The whole thrust of the committee's legislation is whether or not American policy can speed things up. You could help us if you could give an estimate as to how long it will take. Maybe never is the true answer. I really would like to have your best shot.

Mr. HAUBOLD. I would like to point out one thing we are doing in the area of training, teacher training, that may be of interest to you. There is a definite need, a crying need, for qualified black teachers to teach in the elementary schools. The university at Port Elizabeth, in conjunction with Purdue University, put together a very compressed program to try to get out to the black community better training for teachers. General Motors supported that with a contribution of about $50,000. And that is the type of effort being made now to try to compress this time schedule, but it is not going to be something that is very fast.

Mr. FITHIAN. I cannot stay more than 1 minute. I will have to suspend the meeting until Mr. Solarz gets back, but if you could give me your estimates as I walk out, I would appreciate it.

Mr. CHECKET. It will be sometime with us. For refineries and also many technical jobs, we need engineers. It is a very difficult time period to assess. It is certainly beyond 5 years for the total.

Mr. VOJTA. Recognize that our numbers are small, but our management in the field estimates that between one-third and one-half of our official staff will be nonwhite by the mideighties.

Mr. KELLY. Our total employment, as we mentioned earlier, is about 85 percent black, and within a few years we expect it to be 95 percent black. We are about 25 percent nonwhite in management and supervisory jobs now. I can't put a timeframe on when it will be 50, but we are moving in that direction.

Mr. **Fithian.** I must suspend. Mr. Solarz will be here in a couple of minutes.

[Brief recess.]

Mr. **Solarz.** The hearing will resume. The audience, such as it is, can take their seats.

Could each of you gentlemen tell us how you feel about the Evans amendment? I trust you are familiar with it. This is the amendment which prohibits the Eximbank from providing loans to the South African Government directly or to any enterprise doing business in South Africa which does not comply with the equal opportunity guidelines which are more or less similar to the Sullivan code. This was enacted into law about 1 year ago, and I am interested in how you feel about it.

Mr. **Haubold.** I am not prepared to respond to that, sir.

Mr. **Solarz.** Because you are not familiar with the Evans amendment?

Mr. **Haubold.** That's right.

Mr. **Solarz.** Well, now that you've heard about it, what do you think about it?

[Laughter.]

Mr. **Haubold.** That was a short course, sir.

[Laughter.]

Mr. **Solarz.** Perhaps you could submit a statement for the record. Mr. Checket.

Mr. **Checket.** Well, we don't have any problem with it that I know of. I am not all that familiar with it. We don't depend upon external financing in our operations in South Africa.

Mr. **Solarz.** Do you have any objections in principle to the Evans amendment?

Mr. **Checket.** On the surface, no. If we do, we will submit it to you.

Mr. **Solarz.** Mr. Vojta.

Mr. **Vojta.** Yes, Mr. Chairman. We think the amendment is not a good one We are very uncomfortable about introducing specific criteria of this nature as a positive condition for lending. We feel that the lending function must be primarily based upon the analysis of the economic risk. To the extent that some of these other factors are germane to the risk, they obviously must be considered; but the explicit positive conditions here we are uncomfortable with.

Mr. **Solarz.** Mr. Kelly.

Mr. **Kelly.** We have not discussed it whatsoever. I simply do not know. We would be glad to respond.

Mr. **Solarz.** One of the suggestions which have been made from time to time—and I wish you would, by the way, respond for the record, Mr. Kelly—is that we prohibit new investment in South Africa.

I would like to ask each of you, in the last few years have you made any new investments in South Africa as distinguished from the reinvestment of funds which were generated by sales or other business you did within South Africa itself?

Mr. **Haubold.** Yes, sir. In the last year General Motors made a capital injection of about $24 million to our subsidiary, and the purpose of this injection was twofold: No. 1, to complete the facilities renovation project we described more fully in our testimony; that provided the integrated facilities for our employees. And No. 2, to retool our plant so that we could produce this new vehicle which has been accepted in the market and resulted in this hiring of 845 people in the first quarter of this year. There was no expansion of our facilities, however.

Mr. SOLARZ. Mr. Checket.

Mr. CHECKET. Under the terms as you outlined, we have not made any new investments. We have not injected any new capital from outside South Africa.

Mr. VOJTA. During the past several years we have maintained a constant level of capital investment and have essentially remitted our earnings as earned.

Mr. SOLARZ. But there have been no new loans?

Mr. VOJTA. No new capital. Our loan portfolio has also been stable.

Mr. SOLARZ. Mr. Kelly.

Mr. KELLY. We have not invested any new money in South Africa for a very long period of time and do not anticipate doing so in the foreseeable future.

Mr. SOLARZ. Now, I know all of you are against any legislative prohibition on new American investment in South Africa, but let us just assume hypothetically that in spite of your protestations and supplications, the Congress nonetheless enacted such legislation.

What impact, if any, would it have on your ability to do business in South Africa? Would you be able to continue to do business there, or would that in effect force you to immediately cease doing business in South Africa?

Mr. Haubold.

Mr. HAUBOLD. The automobile industry is a very dynamic industry and a changing industry. In South Africa 76 percent of the sales of motor vehicles are made by companies who are not U.S. subsidiaries or U.S. affiliates. So we must in fact have the opportunity and the access to funds in order to maintain a product offering that will be competitive in that market, that will enable us to remain there and be what we consider a positive force for change in that country. To do otherwise would lead us down the path of disinvestment.

Mr. SOLARZ. So you are saying if you couldn't make new investments, you would be obligated to move in the direction of disinvestment.

Mr. HAUBOLD. Yes, sir.

Mr. SOLARZ. Mr. Checket.

Mr. CHECKET. Yes. I think it would have a very adverse effect for several reasons. One, it would certainly not be viewed kindly by the Government, our own employees, or the business community, including the black business community. We would certainly——

Mr. SOLARZ. I am primarily interested in your assessment of its impact on Mobil.

Mr. CHECKET. That is what I am getting to, sir. It would have an impact on Mobil because I think we would lose our employees, all of our good employees.

Chairman SOLARZ. Why?

Mr. CHECKET. Because you can't just stay still. They would go with other industries. Certainly there is adequate opportunity. We could not attract new employees.

Chairman **Solarz.** You said you didn't have any new investment last year.

Mr. **Checket.** That is correct.

Mr. **Solarz.** When is the last time you did have new investment?

Mr. **Checket.** It has been quite some time. It depends on what you term new investment.

Mr. **Solarz.** As I defined it, we are talking about investment coming from outside South Africa as distinguished from investment generated by sales or profits from within South Africa itself. If you have not had any new investment, as I defined it, for some time, when was the last time you have had new investment?

Mr. **Checket.** It has been some time, sir.

Mr. **Solarz.** What does "some time" mean—5 years, 10 years, 20 years?

Mr. **Checket.** It could be certainly 5 years.

Mr. **Solarz.** Five years. Have there been any consequences as a result? Have your good employees left?

Mr. **Checket.** Not up to this point, no, sir. It would preclude us from entering into any developments in coal or that sort of activity, the minerals.

Mr. **Solarz.** Do you have any current plans for the expansion of any of your activities which would require new investment?

Mr. **Checket.** At the present time, no, sir.

Mr. **Solarz.** Mr. Vojta.

Mr. **Vojta.** In our business the level of capital investment supports a level of loan activity. If there were a ban on that, we obviously would be frozen in place. And in the immediate short run I think we could say we would just be maintaining the operation as is, probably at the current levels of profitability. Over time as inflation continued, the ability to adjust our loan capacity to what the market would require would obviously be affected negatively.

Mr. **Solarz.** Mr. Kelly.

Mr. **Kelly.** While one never knows what the future may hold, insofar as we can determine it at this point in time we would not see any negative effects, and we have no plans to invest new capital.

Mr. **Solarz.** When was the last time you invested new capital?

Mr. **Kelly.** I am sorry, Mr. Chairman. I don't know that year, but it has been some time ago.

Mr. **Solarz.** More than 5 years?

Mr. **Kelly.** I am sure it has been.

Mr. **Solarz.** If you could get that for the record, please?[1]

We had spoken previously about the extent to which after several years of effort Reverend Sullivan has succeeded in getting 137 or 139 American firms to sign up, and there are about 167 which have not. He felt he more or less had approached the limits of what he could do. I know several of you are more optimistic than he about what could be done in the absence of a legislative mandate requiring compliance with the Sullivan code, but Reverend Sullivan made another point. He said he felt a legislative mandate would be useful in terms of encouraging the companies to actually implement the code. In other words, he felt that there was an unacceptable disparity and discrepancy between the acceptance of the principles and their implementation, and that there were a number of companies who signed up who had not vigorously and effectively implemented the principles. And that in the absence of any kind of legislative mandate, it was difficult for him to get the kind of full compliance he was seeking.

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[1] See appendix 7.

I would like to know how you respond to that, because obviously simply putting the signature of your firm on a set of principles in and of itself does not mean much if the principles are not enforced.

How do you respond to his argument that on a voluntary basis vigorous and full implementation has not been possible, and that in order to get full implementation you need some kind of legislative mandate?

Mr. CHECKET. As I say, there is some disagreement on that. In our testimony we quoted from a letter he very recently wrote to us in which he said U.S. companies are leaders in enlightened labor practices and activities to improve the "quality of life" for workers.

And in some meetings he has said yes, we are making the progress he had prescribed in this timespan when he first got underway. I am certain that probably some companies are making better progress than other companies. I would not say that everyone is at exactly the same level.

I think what I would suggest and intend to suggest to Dr. Sullivan is that he visit South Africa and see for himself what progress is or is not being made. Dr. Sullivan, unfortunately, has never been to South Africa. This is having some adverse effect on people——

Mr. SOLARZ. I believe, if I recall the testimony correctly, he has been to South Africa.

Mr. CHECKET. I believe he went to Lesotho and passed through South Africa. He had a meeting in the Holiday Inn at the airport in Johannesburg.

Mr. SOLARZ. That is South Africa.

Mr. CHECKET. I understand that, but I would not say it would familiarize him with South Africa. I respectfully submit that.

Mr. SOLARZ. Do you know if he could get a visa?

Mr. CHECKET. Yes, sir. He certainly would be welcome in South Africa. We have just had people in South Africa, and I was there recently, and they would welcome Reverend Sullivan.

Mr. SOLARZ. How do the rest of you respond to this argument Reverend Sullivan made?

Mr. Kelly.

Mr. KELLY. I guess we have not been involved in the program enough to really know.

Mr. SOLARZ. Supposing as a factual matter the committee came to the conclusion that the implementation of the principles, even among those who have accepted them, has not been nearly as effective as they should be. What would you advise us to do under those circumstances?

Mr. KELLY. I think there needs to be very stringent monitoring of the companies who are signatories of the principles with reports that are enforced with respect to getting them and the results measured very carefully.

Mr. VOJTA. The first formal reports are out, and the consequences of what happens after that disclosure are just now beginning to unfold.

My own opinion is that the act of disclosure will continue to escalate the pressures for a better implementation record than was shown by the first round of reports.

The second point I would make is that I feel as the program becomes increasingly more visible, companies associated with it and in which it is being successfully implemented will increasingly find themselves at an advantage in the South African market because they will appear increasingly as responsible employers. I think they will more successfully attract talented, nonwhite employees to their firms, as opposed to companies that are not in that position. I think that leverage has yet to play out, but I think it is very real, and I would continue it.

Mr. SOLARZ. Mr. Haubold, I noticed, for example, that GM is not in the top category of Sullivan implementers according to the Arthur D. Little report. It is making only "acceptable" progress but not "good" progress.

You would seem to be an example of the kind of company that Reverend Sullivan had in mind.

Mr. HAUBOLD. Well, going into the rating issue, at that particular point in time we were in the economic downturn we talked about and did not have the opportunities which have subsequently developed. And I think we have demonstrated our commitment when the economic conditions permitted us greater flexibility.

Second, we understand that we were rated negatively because we had not yet completed the desegregation of our facilities. The construction program cost over $4½ million. It has now been completed, and the cafeteria that is open to all hourly and salaried employees is operating as of this month. So we look forward to a more favorable report in the future.

Mr. SOLARZ. I have just a few more questions.

Mr. Kelly, you indicated that for several years Coke proceeded on its own way without signing up for the Sullivan principles because you were doing, you felt, such a marvelous job without them, you didn't need to adhere to them. And about 2 weeks ago you changed your mind and decided to subscribe.

What accounted for the decision to become a signatory, because that might shed some light on how we can persuade others to sign up as well?

Mr. KELLY. I won't repeat the reasons we didn't sign. I am sure they are understandable, as you heard the testimony.

Mr. SOLARZ. I just summarized them.

Mr. KELLY. We have had groups and individuals, including Reverend Sullivan himself, urge us to sign with the view that although what you may have been doing is fine, a concerted effort with you onboard would be better. And it got to the point or perhaps would have gotten to the point that what we were doing that we thought was good would have been clouded by simply the issue that we hadn't signed, and we wanted to get it out of the way.

Mr. SOLARZ. I think that makes perfectly good sense, but it seems to me it made equal sense 3 years ago. Why did the logic of that argument become persuasive at this point?

Mr. KELLY. I think because of the last thing I said. It had only been recently that people had come to us and asked us to continue to advance reasons why we didn't sign, and we didn't want to keep being defensive about it, because it was something we believed in anyway.

Mr. SOLARZ. Mr. Checket, if the U.N. were to vote mandatory oil sanctions against South Africa, perhaps as a result of South Africa's refusal to agree to a Namibian solution, would Mobil's subsidiary cooperate by closing its refinery and marketing outlets in South Africa?

Mr. CHECKET. If there were a U.N. sanction——

Mr. SOLARZ. Right. Say of the Security Council.

Mr. CHECKET. Supported by the United States?

Mr. SOLARZ. Right.

Mr. CHECKET. We would not have any oil or supplies go to South Africa. We would abide by the sanctions.

Mr. SOLARZ. What about your subsidiary in South Africa? Would it abide by the sanctions as well? I gather you have refining and marketing outlets there.

Mr. CHECKET. That is correct. They would have to abide. And what I presume would happen is what happened in Rhodesia, and that is, the Government would take over the control of our facilities.

Mr. SOLARZ. So it would cease to be a Mobil subsidiary.

Mr. CHECKET. That's correct.

Mr. SOLARZ. Gentlemen, finally, you have all expressed yourselves as being opposed in principle to what I suppose you would characterize as extraterritorial legislation—a prohibition on doing business in another country. I don't know whether you are aware of the fact that a few years ago Congress voted to prohibit any American trade with Uganda on the grounds that the human rights situation in that country was so deplorable that we did not want to be associated in any way with that country.

How would you suggest that we respond to those who are deeply concerned about the human rights situation in South Africa and who tell us that you have already prohibited trade with Uganda when you felt that the human rights situation there was deplorable, not to mention the embargo against Cuba and some other countries, so you have already crossed the Rubicon, as it were, in terms of the principle that you will never ban trade with another country, because in some instances you have already done it.

And while obviously South Africa is not Uganda, nonetheless they might say it is the only country in the world in which racial discrimination is so institutionalized, pervasive and systematic and is clearly unacceptable and contrary to the principles upon which our own country is based; and therefore, we must make a demonstration of distancing ourselves from that country.

You did it for Uganda. Now we think you should do it with respect to South Africa as well. How would you respond to that kind of argument?

Mr. HAUBOLD. I would think, Mr. Chairman, as a result of hearings such as this and the testimony that has been made that you would conclude that General Motors at least, and I speak only for General Motors, has used its presence in South Africa constructively to work with the forces for peaceful change so that we can eliminate apartheid.

Mr. CHECKET. I think the situations between Uganda and South Africa are quite different. In one everyone saw a very deteriorating situation of a government against all its people. It was not a racial problem. On the other hand, in South Africa we see progress that we are making, that the industry is making and the Government is making; and we feel this progress is going to accelerate, and hopefully we have been a catalyst for change.

Mr. **Solarz.** Mr. Vojta.

Mr. **Vojta.** I would respond by suggesting that the considerations of human rights, as important as they are, should be pursued at the political level. I think it is important to remember in the Ugandan case that it was not necessary to vote sanctions. Nobody did business in Uganda when that situation began to recede into chaos.

Business enterprises will make adjustments just by responding to the events that occur. I think that the proper level for human rights questions is the political level. And I think the Uganda policy, in my humble judgment, was a mistake. and I would reverse it.

Mr. **Solarz.** Yes. Well, maybe it was and maybe it wasn't, but I suspect 99.9 percent of the people of Uganda don't think it was a mistake. And in fact, I think the decision on the part of our country to impose an embargo generated a measure of goodwill for us in Uganda, given the extent to which Idi Amin was feared and hated by his own people, hundreds of thousands of whom lost their lives during his reign.

Mr. Kelly.

Mr. **Kelly.** I'm sure I haven't enough knowledge to know what the Government's alternatives might be. It does seem to me it is a far-reaching and a fairly complex problem that requires all parties to come to bear on the problem.

I do think from what I have been able to learn that American businesses have made very significant inroads in real changes there with respect to employment and opportunities for people. And I would suggest through those examples that we continue that road as far as business is concerned, and government continue to voice itself as it has.

Mr. **Solarz.** Let me ask each of you finally for your assessment of what is likely to happen in the next 5 years in South Africa. You have all spoken in one form or another about the progress you think is being made. On the other hand, there are quite a few people who believe that South Africa is a volcano on the verge of eruption.

Now, the white buffer states have more or less all been eliminated. Particularly once Namibia gets its independence, attention will increasingly focus on South Africa. In the absence of truly fundamental changes which appear unlikely to be made over that period of time, that these people would argue that there is likely to be a cataclysmic confrontation between races in South Africa, not necessarily resulting in the overthrow of apartheid or the elimination of the white establishment, but in a massive loss of blood and treasure within the country.

How do you view the next few years? Are you basically optimistic? Do you think the progress which has been made and which you hope will be made will avoid such a confrontation, or do you share the pessimistic view of those who think that this kind of confrontation is virtually inevitable?

If you can answer that briefly, I will let you off for lunch.

Mr. HAUBOLD. That is an offer we can't refuse, Mr. Chairman.

Mr. SOLARZ. I assume as a businessmen you obviously must be thinking about such questions. Clearly it impacts on your ability to do business in the country. So what advice have you for us?

Mr. HAUBOLD. As a businessman I am not party to all of the information that would be required to make a political assessment like that, but from the perspective of our operation in the automobile industry, we have introduced a new product, and we see change occurring in the environment. So we are hopeful that the parties can work together in South Africa to arrive at a settlement just and equitable for all the people in South Africa.

Mr. CHECKET. If the Government within the next 18 months to 2 years will enact or adopt the proposals Mr. Koornhoff submitted in his budget—elimination of the passbooks, the rights to move anywhere, these five points that he presented—and the Government continues to support education, and everyone else does, I believe we will avert the type of dire consequences some people have described for South Africa.

Mr. SOLARZ. Mr. Vojta.

Mr. VOJTA. I hesitate to speculate on the future. We feel that the outcome is uncertain at this point and our risks are being moderated and will continue to be moderated until the trend is more evident.

Mr. SOLARZ. Mr. Kelly.

Mr. KELLY. Yes. We are concerned; 1979 has seen some fairly significant changes in laws relating to jobs of people, and I guess we will now find out if that is actually real. And I suppose that really does not get to the heart of the problem with apartheid, but I really don't know what the answer to that is, except to hope that these changes that are taking place that we experience as an employer will be moving along the road to cures for that, too.

Mr. SOLARZ. Thank you very much, gentlemen, for your testimony today. I think this was a productive session, and I appreciate your willingness to delay your flight out of Washington.

The hearing is adjourned.

[Whereupon, at 12:45 p.m., the hearing was adjourned.]

# U.S. POLICY TOWARD SOUTH AFRICA

## U.S. Corporate Involvement in South Africa

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THURSDAY, MAY 22, 1980

House of Representatives,
Subcommittees on International
Economic Policy and Trade
and on Africa,
*Washington, D.C.*

The subcommittees met jointly at 10:25 a.m. in room 2200, Rayburn House Office Building, Hon. Stephen J. Solarz (chairman of the Subcommittee on Africa) presiding.

**Mr. Solarz.** The hearing will come to order. The witnesses will take their places at the table.

Today the Subcommittee on Africa and the Subcommittee on International Policy and Trade will hold the third and final hearing on the role of the U.S. corporate community in South Africa. These three hearings are a part of a series of hearings which the Africa Subcommittee has been holding on our Nation's policy toward South Africa. In the past decade, the issue of U.S. policies toward South Africa has become a salient one for an increasing number of American citizens: special interest groups are no longer the only ones voicing opposition to the economic, political, and social policies of the South African Government. Students on our Nation's campuses, concerned church groups, and black community movements throughout the country represent only a few of the many organizations working to effectuate change in South Africa. In sum, South Africa is currently on the minds of many Americans both black and white.

At our previous two hearings on U.S. corporate involvement in South Africa, we heard the testimony of Rev. Leon Sullivan, the author of the Sullivan principles, as well as six members of the U.S. corporate community. Reverend Sullivan indicated that although progress has been made, there is much more that still needs to be done. To assist in the accomplishment of those objectives, Reverend Sullivan stated, he would favor legislation requiring all U.S. companies to comply with his principles, although he also indicated that he would favor a renewed effort to enlist as much support from the corporate community on a voluntary basis as possible. Reverend Sullivan finally said that, if necessary, he would support a ban on new investment.

In contrast, the six U.S. corporations represented at our hearings testified they opposed the passage of legislation enacting the Sullivan principles into law. These companies and their spokesmen indicated they were generally pleased with the progress their firms are making in improving economic conditions for nonwhites. As perhaps was to be expected, these corportations also opposed any legislation that would ban or limit new investment in South Africa.

At today's hearings, we will continue to examine the role of American business in bringing about meaningful racial reform and social change in South Africa. I suspect the views of today's witnesses may be considerably different than the views expressed to the subcommittee by the representatives of the corporate community who testified previously. But we shall see.

To help us explore the important questions surrounding the role of American business in South Africa, we have invited four distinguished witnesses. They are: Mr. Ray Denison, the director of the department of legislation for the AFL-CIO; Mr. Timothy Smith, the executive director of the Interfaith Center on Corporate Responsibility; Mr. Ted Lockwood, the executive director of the Washington Office on Africa; and Mr. John Payton, international affairs representative of the National Bar Association.

Gentlemen, I gather you have all submitted statements for the record. I want to assure you they will be included in their entirety in our printed record. In the interest of time, I beseech you to limit your oral testimony to a 10-minute summary of what you have to say.

We will begin with Mr. Dension, representing the AFL-CIO.

Mr. Dension.

## STATEMENT OF RAY DENISON, DIRECTOR, DEPARTMENT OF LEGISLATION, AFL-CIO

Mr. DENISON. Thank you, Mr. Chairman.

I am accompanied by Pat O'Farrell, the executive director of the African-American Labor Center of the AFL-CIO.

I will try to condense my remarks somewhat.

The AFL-CIO is committed to the preservation and extension of human and trade union rights, as explicitly stated in its constitution, and as a part of its daily operating principles. On the basis of this fundamental commitment, it has firmly opposed oppression and dictatorship, either from the left or the right. Its stand on South Africa is an integral, essential aspect of its global commitment to freedom.

Since 1958, the Federation has expressed, before congressional committees and other national and international forums, its deep concern for the tragic consequences of the policy of apartheid. We will continue to speak out and act in concert with all forces of freedom until South Africa rids itself of this shameful racial oppression.

Despite the monumental opposition facing them, black workers in South Africa have had some successes in the last few years in organizing trade unions: 26 unions with a membership of about 60,000 have been formed. But, considering the size of the black work force, these unions represent hardly more than 1 percent of black workers. A number of new central trade union bodies have also been created—including the Federation of South African Trade Unions [FOSATU], the Consultative Committee, and the Black Allied Workers' Union.

Understandably, the denial of the most elementary rights has angered the black workers and other groups to the point that their patience is almost at an end. This anger is expressing itself more and more often in the form of labor strikes, school boycotts, and other less peaceful means of social protest. It may soon raise itself to a level of bloody confrontation.

At times, the South African Government seems to be aware of the impending danger. At other times, they seem convinced that they can maintain the structure of apartheid by using delaying tactics and introducing mere cosmetic changes.

An example of this can be seen in the field of industrial relations. The Government of South Africa rejected some of the fundamental proposals of the lengthy, much heralded and long delayed Wiehahn Commission. One of these recommendations involved the granting of full trade union rights to all workers regardless of race. At first, this recommendation was rejected out of hand by the Government and the resulting law would have been more restrictive on black trade unionists than the law which was supposed to have been "liberalized." Later, as a result of severe internal and external pressure, the Government modified its stand and agreed to register black trade unions. But the rejection of the main recommendations of the Wiehahn Commission could still make a large section of the black work force ineligible for union membership.

The extent of our economic relations with South Africa is well known to this committee. Direct investment by about 350 American corporations amounts to approximately $1.7 billion, accounting for about 17 percent of South Africa's direct foreign investments. American banks provide South Africa with about 30 percent of its external credit needs [$2.27 billion].

Considering our commitment as a nation to human freedom and human rights throughout the world, we cannot allow U.S. business investments to reap profits which are based primarily upon the discriminatory wage rates and cheap labor which are inherent in the reprehensive apartheid system.

We can help the South African Government to solve its problems peacefully if it has the desire and the will to do so, but we should not in any way provide it with political, economic, or moral support to sustain its racist policies. We must identify ourselves with the plight of the vast majority of South Africans and do what we can to help them to alleviate the social and economic oppression which is strangling them.

For more than 20 years, the AFL-CIO has called for a variety of actions designed to pressure the South African Government to change its racial policies. It has called on our Government to take actions to reconcile our stand for racial justice with the business operations of American corporations in South Africa. As early as 1960, the AFL-CIO called for a consumer boycott of South African imports. The Federation also called for a revision of South Africa's relations with the United Nations and supported efforts to expel it from the world body. In 1964, the executive council of the AFL-CIO called on the American Government to take the lead at the U.N. in calling for the imposition of a complete international embargo on oil and arms shipments to South Africa. We have not changed our position.

Others, however, have sought to meet the problem by establishing voluntary codes of conduct and principles consistent with Western concepts of industrial relations. The 1977 Sullivan principles for

American companies, the EEC Code of Conduct for companies of Western Europe, and the Canadian Code of Conduct are the best known examples.

While the spirit of these codes is well-intentioned, and they have made a substantial contribution toward arousing public consciousness regarding the problems of apartheid, there is no evidence to suggest that they are bringing significant changes in the apartheid system itself.

To cite a few other examples of the relative ineffectiveness of the existing codes:

(1) General Motors—South Africa—a signatory to the Sullivan Principles, employs only four blacks in salaried jobs out of a work force of more than 4,500.

(2) IBM, another signatory, has only four black managers out of 1,443 employees.

One of the major weaknesses of these codes and principles is the absence of an effective enforcement and monitoring mechanism. At the present time, Colgate-Palmolive, another subscriber to the Sullivan principles, in trying to thwart the formation of a black trade union at its Boksburg plant in South Africa, is directly violating principle II of the Sullivan code by engaging in activities which, if they were done in the United States, would be determined to be illegal, unfair labor practices. At the present time, there is nothing that can be done about this.

It is for this reason that we wish to renew the AFL–CIO's call to this committee and to the U.S. Government to seriously consider the enactment of legislation which would have the effect of regulating the conduct of any American corporation operating in South Africa. Such legislation could be based upon existing codes, but should clearly stipulate that U.S. corporations with investments in South Africa should in their South African operations be required to recognize and deal in good faith with bona fide trade union organizations regardless of their racial composition where the workers have freely designated these unions as their preference. Such a law should also require American corporations to develop training programs which would enable nonwhite employees to assume professional positions on an equal basis with all other employees and should guarantee equal pay for equal work.

We recognize the serious obstacles to be overcome in this regard, given the situation in South Africa. However, we believe that U.S. corporations, which are not prepared to find ways to accomplish these objectives, should not be doing business in South Africa.

In addition to guaranteeing equal human and trade union rights at the work place, American investors must be barred from activities that would contribute to South Africa's enforcement of the apartheid laws. We should not permit the export to South Africa of American aircraft or other products that may be used by the South African Government to suppress the legitimate demands of the people for justice and racial equality

We believe that American companies that refuse to follow the stated policy should: (*a*) Be penalized through the tax laws affecting U.S. companies working abroad; (*b*) be denied any loan guarantees for programs in South Africa or elsewhere; and (*c*) have their conduct publicized as a matter of record in the United States.

Should South Africa fail to respond to these measures, our Government should undertake more severe action beginning with a progressively selective ban on the importation of South African products and continuing, if necessary, with measures such as a full boycott, barring of new investment, complete disinvestment, and severance of all social, cultural, and diplomatic ties. A study should now be undertaken to draft stand-by procedures for the implementation of these proposals.

The AFL-CIO and its constituent unions, as private organizations, have certain avenues open to us to take our own actions to assist the black workers in South Africa. We are already engaged in a number of these and intend to expand their scope as rapidly as we can in the future. Included in these activities are the provision of training of black South African trade unionists, the provisions of technical information to them to assist them in their organizing and bargaining efforts, and the use of our collective bargaining relationships with companies in the United States to affect the conduct of these same companies in South Africa.

Our bargaining relationships in the United States can be effective in another important way. Our affiliated unions have very substantial pension and welfare funds which are invested in many cases under joint administration with the employer. We have already begun to work out the means of using the possible disinvestment of these funds from businesses and institutions with holdings in South Africa as a way of continuing the pressure for change.

I would like to conclude by expressing our belief that peaceful change is still possible in South Africa. But such change can only come with continuous pressure and strong actions by the United States and the rest of the free world. We disagree with the view held by some that South Africa is self-sufficient and cannot be made to change through external economic pressure. Not only are foreign investments in South Africa in strategic and sensitive industries, such as mining, oil, motor vehicle manufacturing and computers, but South Africa well knows that it cannot live in isolation from the Western World.

Thank you.

Mr. SOLARZ. Thank you very much, Mr. Denison.

Our next witness will be Timothy Smith, the executive director of the Interfaith Center for Corporate Responsibility.

Mr. Smith, your statement will be included in the record. If you, could possibly summarize, we would appreciate it.

Let me say, I may at some point in the hearings have to leave for a short period of time, at which point I will ask my colleague, Mr. Gray of Pennsylvania, to temporarily assume the Chair.

Mr. Smith.

## STATEMENT OF TIMOTHY H. SMITH, EXECUTIVE DIRECTOR, INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

Mr. SMITH. Thank you very much, Mr. Solarz. I'm very pleased to be here.

The staff has asked that we keep our summary of our testimony to 10 minutes. As you can imagine, that is a difficult task for a preacher, since 10 minutes is not even half a sermon and most ministers are programed to speak at sermon length at the drop of a hat. However, I will attempt to keep within the time limits.

For the record, my name is Timothy Smith, and I serve as the executive director of the Interfaith Center on Corporate Responsibility, which is related to the National Council of Churches and is composed of approximately 180 Roman Catholic orders and dioceses and 17 Protestant denominations.

These churches work on a variety of corporate responsibility issues. They employ in their work a number of strategies including arranging meetings and dialogs between management and churches, factfinding delegations to places like South Africa to look at the role of corporations, research and publication of materials, boycotts, the filing of shareholder resolutions, et cetera.

One of the issues the churches have worked on longest and hardest in their corporate responsibility efforts has been the role of bank lending and U.S. investment in South Africa. There has been 15 years of sustained church research, analysis, and vigorous action on this important topic.

There is no need to recount before you today the horrors of apartheid. You have seen that living ugliness yourself. However, it may be important to quickly outline some of the facts and premises upon which many church actions are based.

Change is inevitable in South Africa. That is the first premise.

Second, white South African authorities are reacting to this pressure for change by rapidly increasing their military budget and arming themselves to the teeth.

Third, things are not improving in South Africa. Many voices in this country, particularly from U.S. corporations doing business there, are telling the U.S. public the racial situation is getting better. Nothing could be further from the truth. Black leaders, from all walks of life and from all political views, have conveyed to us that steps are not being taken toward the goal of full social, economic, political, and cultural rights for blacks.

Finally, it is our observation, and one we make with considerable sadness, that the United States has too often acted in ways that support the apartheid status quo. We believe it is time to stop doing business as usual with South Africa. The white supremacist government must understand that the continued disenfranchisement of the black citizens of that country will result in an escalation of pressure on a wide variety of fronts internally and externally.

What pressures do we recommend? U.S. churches have helped spearhead a nationwide campaign to stop bank lending to South Africa, particularly to the Government and its agencies. We believe these loans contain an accompanying political message undercutting diplomatic condemnation. The message is that South Africa can expect to do business as usual, on the most basic level, even while condemned by the State Department.

We urge this committee to press for an end to loans by U.S. banks and for the U.S. Government to make that a basic plank of U.S. policy.

The churches have been heartened by the increasing number of banks which have adopted specific policies prohibiting lending to

South Africa because of apartheid. These include prestigious banks such as Chemical Bank, Irving Trust, Bankers Trust, Mellon Bank, and others. However, one bank continues to act as America's financial pillar supporting apartheid. That is Citibank. In response to that reality, in March of this year the National Council of Churches, the United Methodist Church's Board of Global Ministries, and the Union Theological Seminary announced the withdrawal of approximately $65 million in accounts from Citibank because of their policy. In May, the American Lutheran Church, based in Minneapolis, announced the divestment of $2 million of Citibank securities. This, coupled with the United Church of Christ's earlier withdrawal of a $7 million account, make nearly $75 million of church moneys being withdrawn from Citibank during the last year.

Citibank is a major target for this campaign for certain specific reasons. First, during the period of 1972 to 1978, no bank in the United States or overseas loaned more to South Africa than did Citibank. They themselves admit an exposure of approximately $400 million, many of those loans to strategic government agencies, as we have outlined in our testimony. Citibank's lending policy still allows a number of types of strategic loans. The door is still open, according to Citibank officials, for loans to government agencies, if the economic situation allows.

Second, Citibank is the only U.S. bank with a wholly owned subsidiary in South Africa and with branches there. It is required as a bank operating there to place 15 percent of their public assets in public bonds, another important source of capital for the South African Government.

Third, in answer to questions regarding its South African operations, Citibank points with pride to the improvements it's made for its own "nonwhite employees." Citibank always uses the term "nonwhite" rather than the preferred term "black." In 1978, Citibank employed 191 people, 150 of whom were white. Thus, the bank is talking about work conditions for 41 black people when it talks about its black work force. This is an extremely small number of persons employed by the bank in comparison to the over $400 million of capital that the bank has provided to help prop up apartheid.

The last point we would make about Citibank is their newest partnership with South Africa, through the involvement of their chairman, Walter Wriston, who has recently taken a seat on the Minorco Co. board, which is a subsidiary of Anglo-American. We would argue that this is going beyond the call of duty for Mr. Wriston and shows an even closer working alliance with a South African corporation.

Let us turn to a few comments on the oil industry. Volumes could be written about the strategic importance of the oil industry in South Africa and the role of our multinational giants Mobil, Texaco, and Standard Oil of California. Mobil is the largest U.S. investor in South Africa, with investments of over $425 million. The strategic nature of the whole industry is underlined by the fact that the South African Government has stringently applied the Official Secrets Act, requiring total secrecy regarding the source of oil shipments, which companies are selling to South Africa, et cetera.

Mr. Chairman, at the last annual meeting of Mobil, the chairman of the company said he could not answer any questions about where sales were being made in South Africa or how South Africa was getting its oil, even to Mobil's own operations there.

In 1980, a number of church shareholders requested that Mobil follow the spirit of the Commerce Department regulations and cease all sales to the South African police and military. Mobil's response, which is included in the following sentences which I shall quote from their proxy statement, deserves a special award for twisting the truth. Their defense makes the South African police and military, which are dedicated to uphold white supremacy, sound like the Washington, D.C., traffic police. They say, and I quote:

> Total denial of supplies to the police and military forces of a host country is hardly consistent with the image of good citizenship in that country. The great bulk of the work of both police and military forces in every country, including South Africa, is for the benefit of all of its inhabitants; all have a basic interest in the maintenance of public order and safety. A policy of the character advocated would deny resources for response to grave emergencies, for the apprehension of common criminals, for the protection and security of all individuals and property, including that of the corporation.

Mr. Chairman, never in the last 10 years have we seen a company go to such lengths to defend the actions of the South African police and military. And let me add that Mobil's statement is in direct contravention to what the U.S. Government says both through the State and Commerce Departments when they say there should be no sales to the police and military because those are forces that oppress the South African people.

We should also note that GM and Ford continue to sell vehicles to the South African police and military, making a mockery, we believe, of U.S. policy. And those companies continue to defend their sales in statements they have released to shareholders this year.

Therefore, we would urge that the Commerce Department regulations be expanded to prohibit the sale to the police and military of all commodities procured by foreign subsidiaries of U.S. companies, no matter the origin of the product.

We would also advocate that this committee go on record as urging the U.S. Government to publicly shift U.S. policy to one of officially discouraging new investment and significant expansion by U.S. companies. A number of U.S. companies, including General Motors, Kodak, Control Data, have agreed not to extend their operations in that country under the present apartheid situation, and we think that pressure should be expanded.

Finally, dealing with the issue of withdrawal of corporations, the National Council of Churches, along with many member denominations and numerous Roman Catholic churches, have called upon U.S. corporations to take steps to withdraw from South Africa unless or until there is movement toward majority rule. We, therefore, today recommend that U.S. corporations declare that they will take steps to withdraw unless meaningful steps are taken toward majority rule, and that U.S. policy adopt this position.

To summarize our comments on the Sullivan principles—and we are adding two appendixes for the record that will help advance the debate on this important issue—let me simply say that we believe the Sullivan six principles are not a formula for the basic social change needed in South Africa. They are a formula and a prescription for decency in the workplace, and should be commended for that. The churches have supported eradication of racist signs and making the workplace a more decent place. But the real call in South Africa today is not for a more decent workplace. It is for basic social change and equal rights for all. And, therefore, we need to address real policies to call for those changes.

In conclusion, let me say that I am advocating in this testimony, and I do so with the full support of the active Protestant denominations and Roman Catholic orders who are working daily on this issue, that the Congress introduce legislation prohibiting new investments and bank loans to South Africa. I believe this is a reasonable yet serious step to show South Africa that our rhetoric and our actions coincide to indicate the time of business as usual is over, to show that America stands firmly on the side of speedy change.

Let me indicate to the committee that our counterparts and colleagues in South Africa itself, churches and others, have asked us for this escalation of economic pressure. Despite the fear of reprisals under the Terrorism Act, a growing chorus of voices have been heard urging the West to exert economic pressures and asking the U.S. churches to take leadership in calling for these policy changes.

I believe that restrictions on new investment and future bank loans are the least we can do to show the seriousness of the United States in supporting full human rights for all in South Africa.

Thank you very much for the opportunity to appear before you today.

Mr. GRAY [presiding]. Thank you very much, Mr. Smith. You have kept within your own time limits. And, as you point out, knowing the experience of a preacher preaching at the drop of a hat, you are to be commended.

Mr. SMITH. Thank you.

Mr. GRAY. Mr. Ted Lockwood, executive director of the Washington Office on Africa.

Your statement will be entered into the record. If you would like to summarize it, feel free to.

Mr. Lockwood?

## STATEMENT OF EDGAR LOCKWOOD, EXECUTIVE DIRECTOR, WASHINGTON OFFICE ON AFRICA

Mr. LOCKWOOD. Thank you. I appreciate this opportunity to present our views.

The Washington Office on Africa is sponsored by the American Committee on Africa, nine Protestant denominational agencies, and the United Auto Workers, and has concentrated on southern Africa since 1972 in regard to policy issues.

Are the Sullivan principles a positive or negative vehicle for social, economic, and political change? We believe they have both positive and negative aspects.

The positive aspect is that by setting some kind of standards and attempting to implement those standards there is a possibility of making some limited progress in regard to such issues as desegregation of facilities, training of Africans, and in employee housing, and so on. This has already, to some degreee, started.

The negative aspect of the Sullivan code is that it is being used as a Potemkin Village to hide the ugly reality of a society built on white supremacy.

On its own terms, the Sullivan code is of extremely limited scope. It is voluntary. But even if it were made mandatory, the Sullivan code would apply to less than 1 percent of the African work force.

The objectivity of the Sullivan code reports is open to question, in view of the role of the South African Government in subjecting all such outgoing information to censorship. The South African Protection of Business Act, for example, makes it a criminal offense to pass any business-related information without the express permission of the Minister of Economic Affairs.

We'd also like to question the objectivity of Arthur D. Little. The Memorial Drive Trust, the holding company which controls Arthur D. Little, is headed by a man named Jean de Valpine, who was until 1977 the chairman of the board of Space Research Corp., a company which, in 1976 and in 1977, was engaged in gunrunning to South Africa and which has now pled guilty to charges of exporting ammunition and arms technology to South Africa.

South Africa has a long record of denying visas to U.S. blacks who take a more vigorous approach to equal employment opportunity standards, including Rev. Jesse Jackson and Congressman Diggs.

The progress reported in 3 years is meager at best. Only 7 percent of the respondents had African officials or managers of any kind. General Motors had 4 out of 1,100 salaried positions held by Africans in 1978. Only 10 percent had black management trainees. Blacks almost never supervise whites.

Even in the best rated of American companies, and the only one to have granted any form of union recognition to Africans, the wage position of hourly paid workers has deteriorated since 1971.

While in the last 4 years black wages in some categories have grown at a faster rate than white wages, the gap in absolute terms continues to grow. Blacks spend their wages mostly for essentials rather than discretionary items, and their lives are much more heavily impacted by price inflation, which has particularly affected essential consumer items. Thus, the gap in discretionary income has grown from 108 rands a month to 170 rands a month, according to a study done by Urwick in 1978.

I would like here to refer for additional specific comments to a valuable paper prepared by Elizabeth Schmidt, called Decoding Corporate Camouflage: U.S. Business Support for Apartheid,[1] which is an expanded version of testimony delivered before the U.N. Committee Against Apartheid. I believe a copy of this paper has been delivered to the committee and I would liike to suggest that it be inserted in the record.

Should the Sullivan code be enacted into law?

In theory, a code that is mandatory would be preferable. However, the practical difficulties of enforcing such a code in another territory seem to me to be insuperable. Until South Africa allows full and complete access to all American corporate facilities and access to all corporate data, the staff required for such a task would be engaged in a costly and futile exercise.

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[1] See appendix 8.

Even if the Sullivan code could be enforced on a South Africa-wide basis with the cooperation of the South African Government, it has to be seen in the wider context of the struggle for liberation.

South Africa has no intention of granting equal democratic citizen rights to people resident—all the people resident within its borders. Prime Minister Botha has made this very clear. He said, in November, "I want to warn you finally. I say it again: One man, one vote is out in this country. That is, never."

What is the use of talking about improved conditions of housing when no African can own land anywhere in the 87 percent of the land which is designated white?

The bantustan system is not being abandoned. These reservations constitute dumping grounds, where the unemployed and the superfluous are put out of the way.

Those reforms which are hailed as changes for the better have, in fact, strengthened the influx control system of apartheid. Under influx control, only those Africans who have established long residence and/or employment can stay in white areas unless they are there as migrant workers. But the system up until now has not been very efficient. Now it is to be made efficient. Legislation enacted in 1979 imposes a fine of 500 rands on any employer for an unregistered worker. The Black Sash, a white women's liberal organization devoted to reporting on the problems of urban blacks, reported in February:

> Until this year people have been able to find illegal work. But now, for the first time in all our experience, we have no hope and no comfort to offer. When you take away hope all that is left is rage and anger, bitterness and hatred.
>
> This anger is not going to be confined to the homelands. People are just not going to sit and watch their sons and daughters die of hunger.

Housing in the segregated township of Soweto costs 6,600 rands to purchase. The waiting list for rented housing is 9 years long.

Such an unjust system generates enormous political resistance. South Africa's method of dealing with its political opposition is to ruthlessly exterminate, surveil, incarcerate, or repress it.

Following the Ford Motor Co. strike in Port Elizabeth, for example, the leader of that strike, Thozamile Botha and several of his colleagues were detained, and he himself was later banned. He was unable to find a job. He is only one of hundreds who have been banned and made, in effect, dead, that is, put out of commission. And now he has fled to Lesotho.

Detentions by the thousands followed the Soweto riots. They have not stopped. Only they are not being fully reported on. The South African Government knows that its repression makes ugly pictures, and so we have not seen the baton charges and the tear gas of the police as they broke up recent colored student demonstrations. Instead the papers carried photos of fraternizing citizen soldiers. On May 16 the Government gazetted a bill which would make it a crime to convey any information whatsoever about certain detentions. I understand that bill has now been withdrawn, in response to the outcry against it. But it still remains a definite possibility.

What, then, is the ultimate use of a Sullivan code approach when normal union organizing and peaceful strikes result in union leaders being sent to jail, detained, banned, or exiled for their political views?

Americans are prone to believe that racial domination and racist discrimination is largely or wholly the product of Afrikaner ideology. But the fact is that many of the worst features of the apartheid system had their origin in the development of the mining industry, and specifically gold mining, in which English speakers and foreign capital have played the dominant role. One historian comments:

> Many of the permanent features were conceived and nurtured in the development of the gold-mining industry—the recruiting system; the encouragement and permanent establishment of the migratory system; the struggle for power between different groups of workers. . . .

While South Africa's modern era begins with diamond fields, its rapid development begins with gold. Since the gold deposits were of low grade, the entrepreneurs required expensive advanced technology; capital was required in substantial amounts, which was available from profits realized in diamonds and also from overseas investors. But the critical question was whether labor and materials could be obtained at a cheap enough price to make a profit. And this was the basis on which the recruiting system and the migratory labor system, the pass laws, and all the rest were invented.

The mining industry remains crucial. In 1977, 776,457 workers were employed in mining, of whom 666,418 were African. Close to 200,000 are foreigners, while the vast majority of the South African miners are single men who are migrants from the homelands. When we compare these numbers with the 30,000 or so, or even 70,000, affected by the Sullivan code, we can judge the importance to be assigned to mining as the bellweather of African labor conditions.

A secret government report on the mining industry stated, in 1976, that "the migratory system per se was at the root of the problem," of mine rioting, "but had been in use for 75 years and there seemed little alternative to it at the present."

The much-discussed Wiehahn Commission reports have not dealt with the mining industry. South Africa's minerals are of critical importance to its survival. They have attracted expertise, capital, and technology and have generated the profits on which industrialization is based. Minerals represent more than half of all South African exports.

The Sullivan code leaves untouched the migratory labor system, the pass system, the use of foreign labor and the use of land policy to create vast pools of cheap labor, which originated in mining industry policy and which continue to the present. Without drastic changes in this system, reforms will basically be rearranging the deck chairs on the *Titanic*.

As the South African economic system has grown, the mining sector has been complemented by industrial development engineered and planned by the government to assist South Africa in achieving its goal of self-sufficiency. American corporations' involvement in this process has made American capital and technology a crucial partner.

In 1950, U.S. direct investment was only $140 million. But by 1961 it was $353 million. It more than doubled in the next 10 years. And in 1980 it stands at $1.8 billion, a 1,200-percent increase in 30 years.

In addition to direct investment there is indirect investment. A U.N. study estimated, in 1977, that these investments amounted to $2 billion. Today I believe that they may be double that.

In addition, American banks in the last 5 years are estimated to have supplied another $2 billion in loans.

This brings me to the question of the qualitative importance of U.S. investments and loans. I am sure the evidence of U.S. corporations playing an important, if not crucial, role is quite clear.

Although South Africa requires less oil—that is, 25 percent—for its energy needs than the United States does, refined oil is critical to the operation of its industrial plant, its transportation system, and its Armed Forces. Five foreign oil companies control 85 percent of the petroleum market and operate 91 percent of service stations. Two of these were Mobil and Caltex, which are American and control 38 percent of the market, 45 percent of the service stations, and 42 percent of the main refinery capacity of South Africa.

Mr. Smith has already mentioned the Official Secrets Act. Mobil Oil has claimed that it is rendered incapable of ascertaining whether its own South African subsidiaries were violating internationally decreed oil sanctions against Rhodesia, because of this act. The government also has authority, under the National Supplies Procurement Act, to order oil companies to refine any such specialized products as the South African Government may require for its strategic purposes whether or not they are commercially viable.

But both Mobil and Caltex are Sullivan signers. And so is Fluor, which is now engaged as the principal manager of a $4.2 billion expansion project which will make South Africa close to self-sufficiency in oil by producing 47 percent of current consumption of petrol and diesel. Fluor's contractual obligations include management and coordination of the total project, engineering, design, procurement, construction, and a multitude of other functions.

Sixty percent of the funding for SASOL II has come from Western sources. Fluor, in addition, has provided access to world market connections and engineering technology. It's worth noting that SASOL's fluid bed synthol plant was originally purchased from the M. W. Kellogg Co., of the United States.

When we turn to the auto industry, Ford, General Motors, Firestone, and Goodyear are still an important factor. Neither General Motors nor Ford has any apparent compunction about supplying trucks and vehicles to the South African military and police. Firestone is using technology which is imported from its Rome subsidiary to make puncture-proof tires for the military.

General Motors' Chairman Thomas Murphy has stated, "Any of our plants can be converted to war production. . . ."

American firms are even more important in the computer field, controlling 70 percent of the market. One-third of IBM's business in South Africa is with the Government. Even though computer companies say that they are not selling to the military, there is just no way that the companies, or anybody else, including the U.S. Government, can prevent the South African Government from sharing its computer capacity with its defense and police departments.

It is, thus, apparent that American corporations have played and are playing a critical role in those areas which South Africa regards as critical to her survival. On this role the Sullivan code has had no effect.

American corporations are intimately linked into the new strategy of Prime Minister Botha. The Johannesburg Advice Office of the Black Sash has recently warned:

> The present visible alliance between government and big business in the "total strategy" can only result in the black/white conflict becoming irrevocably identified with the Marxist/Capitalist economic conflict.

South African mining magnate Harry Oppenheimer, considered to be the bellweather of liberal corporate thought, opened the recent government exhibit on the Constellation of States concept at the trade fair in Johannesburg this Easter.

What role should American corporations play in promoting social justice?

Since corporations are designed primarily to produce profits, their role in accomplishing social purposes tends to be long on rhetoric and short on achievement. On the other hand, no one would want to deny that in those spheres over which they do have control, namely, conditions of employment, they could make improvements, in wages, health, safety, and nonracial employment practices. The most important thing they could do would be to recognize and bargain with African trade unions.

As I noted, only one American company—namely, Ford—has so recognized an African trade union, to the best of my knowledge. They could get rid of key executives such as those at Ford who belong to the Broderbond. They could refuse to cooperate with the security branch and the administrators of influx control and pass laws. They could put money into the defense of political prisoners.

But to say these things flies in the face of reality. The Institute of Race Relations study of Ford concludes that the company has no intention of doing anything about influx control because it would be "meddling in politics."

Under these circumstances, it seems to us that the Congress should outlaw and prohibit further investment and loans by American firms or their subsidiaries, wherever they may be located, in South Africa. This step would be an important recognition of the perilous situation in which the United States finds itself as U.S. corporate interests grow and entangle themselves further in a racist and increasingly fascist state. It would call a halt to the flow of new money, technology, and personnel into South Africa; this would mean that South Africa would no longer continue to benefit from research and development projects which are performed by U.S. corporations and which are imported with its business activities.

South Africa knows that politically the effect of continued investment is to draw the Western powers further into the defense of South Africa as it faces its external foes and its internal enemies.

Any such prohibition cannot be by itself decisive. It could, however, prevent the United States from entering further into a cul-de-sac from which we know there is no exit.

We do not know if South Africa would heed such a warning and proceed to negotiate a settlement with the liberation movement. But we do know that such changes as have occurred have occurred because of mounting pressures on South Africa. And the encouragement that such pressures give to the forces for change inside the country should not be underestimated.

It is said that South Africa could cut off supplies of minerals. But the only critical item would be chrome, and here the independence of Zimbabwe alters that unhealthy dependence that the United States has had up until now on South Africa. The fact is that South Africa knows that Western investment is a sine qua non for its own interests. It is banking on the fact that the West will not allow it to be isolated.

While universal sanctions are not nearly as effective or fair as those imposed multilaterally, sometimes it is necessary to start with such unilateral action. This is certainly what we are doing in Iran, where the issue is the safety of 50 American diplomats and not the human rights of 20 million people.

The fact is that the slave trade was abolished by a process initiated by the British Government in the 1820's and 1830's building a network of treaties against it, a network, incidentally, which by 1839 had only the United States standing outside of it. And now the United States might be in a position to reverse this historical example, by building a consensus among Western nations against further investment in apartheid. The British, who have the most to lose, would probably be the last to join.

The position we espouse has the support of a wide spectrum of church, labor, and university groups, some of which would want to go even further, as Mr. Smith has indicated. In no area of foreign policy has there been such a broad and intense and continuing area of agreement, with the exception of the Vietnam war. A summary of these actions is attached to my statement.

Nebraska last month, for example, passed a bill striking corporations with investments in South Africa from the list of approved investments for state trust funds. Massachusetts last year passed a law forbidding new investments by pension funds. A 1979 Carnegie Endowment for International Peace survey showed that a plurality of Americans, 48 to 32, favored restricting business investments in South Africa.

Previous witnesses, at the hearing on reforms in South Africa, have stated a position tying further investment to the enforcement of the Sullivan code. We are opposed to this approach because it equates progress in the elimination of racial discrimination in one area of concern—namely, employment—with progress toward the abolition of the racist system as such. It is not possible to reform apartheid. Apartheid is a system that has to be totally destroyed; and until it is destroyed investment in South Africa is unsafe, unwise, and profoundly immoral.

Thank you.

Mr. GRAY. Thank you very much, Mr. Lockwood.

At this time we will hear from Mr. John Payton, the international affairs representative of the National Bar Association.

We welcome you, Mr. Payton. Let me also say your complete statement will be entered into the record; and if you would like to summarize that statement, it will be appreciated, so we can get to the questioning.

## STATEMENT OF JOHN PAYTON, INTERNATIONAL AFFAIRS REPRESENTATIVE, NATIONAL BAR ASSOCIATION

Mr. PAYTON. Thank you and good morning, Mr. Chairman. My name is John Payton, and with me is my colleague James Hackney.

We are here today to testify on behalf of the National Bar Association. The National Bar Association was founded over 50 years ago to

We have submitted for the record a prepared statement, and my remarks will simply summarize that statement.

Historically, the National Bar Association has been concerned with represent the interests of black lawyers in this country. numerous domestic and international civil rights issues. In recent years the National Bar Association has been actively involved in the dialog concerning the crisis in southern Africa. We, therefore, welcome this opportunity to discuss the crisis in southern Africa with this committee and, specifically, to discuss U.S. corporate involvement in South Africa. It is only with a full appreciation of the magnitude of the political, economic, and social oppression of black people in South Africa that the inadequacy and hollow symbolism of measures such as the Sullivan principles are clearly revealed.

The oppressive reality of apartheid is overwhelming. Black South Africans have no rights. They have no right to citizenship. Blacks have no right to own land outside the homelands. Blacks have no right to vote. They have no freedom of movement. Blacks have no right to free association or free expression. Blacks have no right to maintain the integrity of their families.

South Africa's public relations managers would lead us to believe that, in recent years, the Government has undertaken measures designed to improve the living conditions of black South Africans and to reform the apartheid system. The truth is that the quality of life for black South Africans has not improved in the last several years—it has significantly deteriorated.

Last week, Prime Minister Botha's government dramatically announced its plan for a new constitution. However, in the words of the Washington Post, blacks are intended to play only a "walk-on part." As the New York Times stated in an editorial yesterday:

> The sad truth is that the new reform further confirms Prime Minister P. W. Botha's retreat from his early promises to bring South Africa's blacks to a position of greater economic and political influence. Without such an evolution, no peaceful development seems conceivable.

The logic of apartheid dictates that racial oppression, and, indeed, oppression of all people critical of the system, will intensify rather than become ameliorated. This is because the South African Government is unwilling to make the only concession that will satisfy the legitimate demands of blacks: Political equality and full civil rights.

As racial oppression in South Africa has intensified, U.S. corporate involvement in South Africa has increased. This involvement has strengthened the South African economy and Government by providing key assistance in the most strategic sectors of the economy and by contributing to the efforts of the South African regime to become self-sufficient. From 1966 to 1978, direct investment by U.S. corporations increased from $490 million to $1.8 billion and presently accounts for

17 percent of the foreign investment in South Africa. Over 75 percent of the total U.S. investment in South Africa is attributable to a dozen corporations, and the operations of those corporations are concentrated in the most crucial areas of the South African economy. U.S. businesses account for 33 percent of the motor vehicle market, 44 percent of the petroleum products market, and 70 percent of the computer market.

Faced with a rising tide of sentiment against doing business with a country whose existence is based on a political system totally repugnant to the world community U.S. corporations have sought to justify their continued presence in South Africa and to protect billions of dollars in investment by embracing the Sullivan principles. The Sullivan principles were quickly adopted not only by a significant portion of U.S. corporations doing business in South Africa but by the South African Government, which reviewed, revised, and approved them.

The Sullivan principles have failed to promote peaceful change in South Africa. Moreover, the principles have failed to achieve their more limited stated purpose, to "contribute greatly to the general economic welfare of all the people of the Republic of South Africa."

In our prepared testimony we have set forth the grim reality of the South African experience, in order to point out the negligible consequences which the Sullivan principles—even if mandatory—would have on the prospects for improving the condition of South African blacks. Our prepared testimony also contains a critical analysis of each of the six Sullivan principles. I will not repeat those in these remarks.

The National Bar Association takes the position that the President and the Congress must take decisive and uncompromised action by prohibiting U.S. companies from directly or indirectly doing business in South Africa. This would require disinvestment of all current commercial interests of U.S. companies in South Africa, a ban on all new investments, and the immediate termination of all exportation to, and importation from, South Africa.

In addition, the National Bar Association urges the President to instruct the U.S. Ambassador to the United Nations to submit to the United Nations a resolution proposing comprehensive and mandatory economic sanctions against South Africa.

The United States is South Africa's leading trading partner. A unilateral economic boycott of South Africa by the United States would add to the isolation of that country, call into question the advisability of doing business there, and remove the imprimatur of present U.S. economic cooperation with South Africa's racist system of apartheid. Sanctions would terminate the flow of essential technology and capital to South Africa.

Arguments will be heard that continued economic intercourse with South Africa benefits blacks there by providing them with jobs and income. Slavery in the United States was rationalized in a similar way.

The stark fact is that the U.S. Government policy regarding U.S. corporate involvement in South Africa feeds apartheid. Thus, African nations, including those which are greatly dependent upon trade with South Africa, have strongly advocated the imposition of mandatory economic sanctions. Within South Africa moderate spokespersons now almost without exception advocate disinvestment, even though such advocacy is illegal and punishable by imprisonment in South Africa.

At the same time, with increasing incidents of guerrilla activity, the nature of the debate within South Africa has changed. In the absence of efforts directed toward the achievement of full political equality, significant numbers of blacks appear committed to a violent solution as the only viable alternative. It is ludicrous to contend that the Sullivan principles can have a meaningful impact on this situation.

The American black community is unanimous in calling for comprehensive economic sanctions against South Africa. The Congressional Black Caucus has taken a strong leadership role in this regard. In February of this year, more than 1,000 black leaders and elected officials, representing over 300 organizations and millions of constituents across the country, met to adopt a black national political, social, economic, and international agenda for the decade of the eighties. That agenda, to which that National Bar Association subscribed, calls for the immediate cessation of all economic, diplomatic, political, and cultural relations with South Africa.

The National Bar Association believes that if the United States is to restore the credibility of its foreign policy in respect of human rights, if the United States expects to win and retain friends and respect in Africa, and if the United States expects its black and white citizens to believe is pronouncements respecting civil rights and avert a sure exacerbation of multiracial tensions within our own borders. then the United States must take meaningful action and initiate comprehensive economic sanctions against South Africa.

Thank you.

Mr. **Gray**. Thank you very much, Mr. Payton.

I think I will call on my colleague, Mr. Lagomarsino, to open up with the questions.

Mr. **Lagomarsino**. Thank you, Mr. Chairman, I don't have any questions. I arrived late and I have not had a chance to review all of the statements, but I have a statement I would like to make.

With all of the charges that have been made here this morning and in the other hearings we have had, I have heard very little about what the people most affected think about the foreign investment in South Africa, that is, South African blacks themselves. In order to place this in perspective, I would like to quote for you some of the statements by black South Africans whom, I am informed, at least, are well regarded in their own country.

Gatsha Buthelezi, according to all reports, is a recognized leader of all South Africa, and I quote his view of all foreign investment.

> Some of the super-liberals in America have the whole issue exactly upside down. They simply think it is immoral for American companies to invest here but irresistably profitable. The truth is the opposite. It is morally imperative that American firms remain active here and support us in our struggle, even though the business aspects may well present problems. The uninformed liberals abroad would like to see a violent confrontation in my country and are working for the very thing everyone here wants to avoid, although it may happen. Black and white alike, our aim is for peaceful change, and foreign investment is one of the best agents for that change.

Here is why, going on with the quote:

> Foreign investment creates jobs. Jobs bring money to the blacks, who are by far the majority of our industrial labor, 71.6 percent, to be precise. Money means power. And working in industry also gives the black man the training and ex-

perience he needs to assume his rightful place in our country, just as he did in yours. Mind you, although pressure on the government in Pretoria must be kept up, I am not in favor of just any kind of pressure. Some kinds are extremely effective and American firms should apply them. Pressures in sports have had good results. And I applauded the arms embargo as a meaningful bit of symbolism. But the pressure to disinvest, which brings misery to my people, slows development, and may lead to the loss of all we are achieving, that is worse than simplistic thinking—it is reckless and dangerous.

You know, your super-liberals don't seem to want to learn what conditions here are really like. Often they don't seem aware or even want to hear of the remarkable gains we have made in the last few years. All too often, your hard-liners in ivory towers abroad are playing into the hands of the right wing here. When they call for a slowdown of investment or actual disinvestment, they call for an aggravation of exactly the conditions that we are struggling against.

What we demand is a more equitable share of the benefits that investment, both foreign and domestic, is bringing about—education, jobs, human dignity. Things are improving, but they will slow down drastically if foreign investment dries up and the climate of peaceful change is replaced by one of fear.

I do not, however, favor foreign investment on any terms. We want foreign investors who observe the Sullivan Code and other such codes of conduct and who work for economic and political change. My friend Ambassador Andrew Young supports American investment here for the same reasons I do. He saw the same thing happen in your South that I want to see happen here: violence being defused by more and more people being drawn into the upward spiral of economic opportunity.

I challenge anyone to prove that the black people themselves are against American investment. Some of the Sowetans and some of the banned leaders are, naturally; they're bitter. I understand that. But not the people who speak for a constituency, not the leaders who have to live with the consequences, not those who speak for my people as a whole.

End of the quote by Mr. Buthelezi.

Mr. Chairman, at this point in the hearing, I would like that the entire article quoting Mr. Buthelezi be inserted in the record.

Mr. GRAY. Without objections we will insert the article read by our colleague, Mr. Lagomarsino.

[The article referred to follows:]

[From Forbes Magazine, Nov. 27, 1978]

### SOUTH AFRICA: U.S., DON'T GO HOME

(By John Train)

At more than 25 U.S. corporations this year resolutions have been proposed for inclusion in proxy statements, calling on companies like Coca-Cola and GM to quit doing business in the Republic of South Africa. Polaroid has already acceded. Students demonstrating at dozens of universities wield placards demanding that their trustees sell the stocks of companies that do business in South Africa. Some schools have done so. Doing business with South Africa, the protesters insist, supports social injustice and the exploitation of blacks.

The quit-South Africa argument sounds plausible, given the American belief in democracy and equality. But is it? Absolutely not, says the most popular leader of South African blacks, Gatsha Buthelezi. This champion of black rights is the elected chief minister of KwaZulu, the Zulu homeland, and founder and chairman of Inkatha, the National Cultural Liberation Movement whose first bulletin was seized by the police last year. A recent poll gave him a two-to-one advantage over his nearest competitor as the reognized leader of black South Africa generally.

His credentials as a nationalist leader are impeccable. Only last summer he was brought to the U.S. by the National Urban League and he attacked his country's white government in strong language. He spoke of "unschooled Boers [who] joined hands with the scum of Europe to behave with crass stupidity. . . ." He said: "You know that apartheid is so ugly that it can only survive if it is enforced with the barrel of a gun." He warned South African whites: "Whites should realize that they will have no peaceful future at all without sharing it with the blacks."

And yet here is this same antiapartheid nationalist leader almost begging U.S. firms not to cease doing business in his country.

In a meeting in a village on the Tugela River, in Zulu territory near the Mozambique border, and in a subsequent telephone conversation, Buthelezi was interviewed by Forbes columnist John Train, whose report follows:

A strongly built man, looking younger than his 50 years, the chief talks with rapid intensity. The black leader was blunt about it: American business, he said, was a welcome force for change. Said Buthelezi, "Some of your superliberals in America have got the whole issue exactly upside down. They seem to think it is immoral for American companies to invest here, but irresistably profitable. The truth is the opposite. It is morally imperative that American firms remain active here—and support us in our struggle—even though the business aspects may well present problems. We have been passing through difficult times and will doubtless pass through more in the future. It may be that from a purely financial standpoint there will be disappointments, remembering that labor costs—meaning black labor—are rising fast. But morally, yes! My people want you and need you here, just as we need the whites and the whites need us.

"The uninformed liberals abroad who would like to see a violent confrontation in my country are working for the very thing that *everybody* here most wants to avoid, although it may happen. Black and white alike, our need is for *peaceful* change, and foreign investment is one of the best agents of that change.

"Here is why: Foreign investment creates jobs. Jobs bring money to the blacks, who are by far the majority of all industrial labor—71.6%, to be precise. Money means power. And working in industry also gives the black man the training and experience that he will need to assume his rightful place in our country—just as he did in yours.

"One black journalist, whom I will quote without comment, has also pointed out that the classical Marxists always emphasized that capitalist industrialization, as it develops, revolutionizes traditional relations and thus revolutionizes people's minds; Lenin, this black journalist added, stressed constantly that capitalist industry eliminates the slave mentality among workers and lifts them to the point where they demand a full share in society.

"As industry expands, propelled by domestic and foreign investment, a severe shortage of qualified men is increasingly appearing, and black people are of necessity being advanced to more responsible positions. The government has not only accepted this but made it a matter of policy. So I'd say that further improvement in black labor conditions is irreversible unless something happens to cause the economy to slow down—such as a withdrawal of foreign investment. As the process continues, the role of blacks in South African industrial management will become critical, which will give us more and more economic and political leverage. Our demands are thus increasingly likely to be met, as long as we maintain the pressure at other points.

"Mind you, although pressure on the government in Pretoria must be kept up, I'm not in favor of just any kind of pressure. Some kinds are extremely effective, and American firms should apply them. Pressures in sport have had good results, and I applauded the arms embargo as a meaningful bit of symbolism. But the pressure of disinvest, which brings misery to my people, slows development and may lead to the loss of all we are achieving: That is worse than simplistic thinking; it is reckless and dangerous."

Buthelezi pointed across the river to the barren hills beyond, dotted by the huts of subsistence farmers. He continued: "Johannesburg isn't Africa, any more than New York is America. It is extraordinary arrogant of visitors to prescribe what's best for my people on the basis of a limited exposure. When I hear them calling with more enthusiasm than wisdom, for an end to American investment, I say the same thing to them that I say to some people in Pretoria who want to prescribe at a distance what's best for KwaZulu. 'To hell with you,' I say.

"You know," said Buthelezi, shaking his head, "your superliberals don't seem to want to learn what conditions here are really like. Many influential persons from abroad come to South Africa. They arrive in Johannesburg and stay in the Carlton Hotel and see lots of clever and important people. They think they know what is happening. But they don't get around the country. They don't come here to KwaZulu. They don't see me, and they don't see my people. Still, they want to tell us what to do.

"Often they don't seem aware, or even want to hear, of the remarkable gains we have made in the last few years."

Black mine workers have made tremendous earnings gains in recent years. Though their wages are low by U.S. or European standards, they are paid as much as ten times what black workers earn elsewhere in southern Africa. While this may still sound like exploitation, it is several times what blacks make in black-ruled countries that lack substantial U.S. investment.

"And some of that is thanks to the American companies," the chief said. "They pay more, offer better conditions and local companies have to follow suit to be competitive in the labor market.

"But it's very important that your American companies, when they come here, do more than just invest. They must take an active role, not just a passive one. They should have a commitment to peaceful change in South Africa, which means more than being model employers, more than giving a good example, useful though that is. It means exercising influence wherever they can to promote peaceful change. If we don't have peaceful change here we're all too likely to have violent change, which none of us wants, not blacks, not whites, not Americans, not foreign investors—only certain groups that we both know."

I nodded. Chief Buthelezi kept coming back to the same theme; that those foreigners and local radicals who call for bloody revolution in South Africa are less interested in the welfare of the South African blacks than they are in proving a political point.

"I often wonder what those blood-thirsty gentry are really up to. I suspect that they are trying to stir up the pot down here, advocating policies that are likely to lead to violence, not for reasons that have much to do with our struggles for decent conditions but instead are projections of political—and indeed emotional—needs of their own. Their opinions seem to flow from their politics, their needs, their conditions, not from our conditions. I wish they would give vent to their talents on some other battlefield. They aren't benefitting my people.

"The first need of the impoverished black man is for money to feed his family and to permit him a little freedom of action. What kind of struggle for independence can you wage from a level of utter impoverishment? I am a student of history, and I know that in the past hunger has caused many revolutions. But it is also true that an army marches on its stomach.

"All too often your hard-liners in ivory towers abroad are playing into the hands of the right wing here. When they call for a slowdown of investment, or actual disinvestment, they call for an aggravation of exactly the conditions that we are struggling against. What we demand is a more equitable share of the benefits than investment—both foreign and domestic—is bringing about: education, jobs, human dignity. Things are improving but they will slow down drastically if foreign investment dries up and a climate of peaceful change is replaced by one of fear."

South Africa is not Rhodesia, where 263,000 whites rule 6.6 million blacks, the South African whites are 4.3 million strong. They are not recent colonists, many of their ancestors arrived three centuries ago, at about the same time the ancestors of the present blacks moved into the then almost empty territory. The whites are well armed and determined, their backs to the wall. They are not going to be driven out or wiped out. Thus, the only alternative to perpetual bloodshed is peaceful compromise. For saying so, Buthelezi has annoyed the extremists both of the left and the right. His retort to both sets of extremists: Your violent rhetoric makes compromise difficult.

"Already," said Chief Buthelezi, "the Afrikaners are feeling the wind of fear. Already, as one says here, they are drawing into the *laager* [an encampment protected by a circle of wagons], giving reactionary forces an excuse for repression. It's fear that makes them draw into the *laager*, fear that is the chief impediment to peaceful change. Certain carefully calculated pressures and influences from abroad are fine; but generalized expressions of hatred and encouragement to violence are disastrous.

"The different races here in South Africa know they need each other. The superliberals abroad don't understand that at all. We know that there can be no South African economy within which we can all prosper without the managerial and technical skills that the whites possess or the jobs, advanced technology and other benefits brought in by foreign investment. It is a wild fantasy to suppose that if the whites were somehow driven away, the economy could function at all. Blacks are not ready to assume their positions, and won't be a long, long time. The last thing my people want is to bring industry to a standstill.

I do not, however, favor foreign investment on *any* terms. We want foreign investors who observe the Sullivan Code and other such codes of conduct and who work for economic and political change."

Buthelezi was referring to the code of corporate conduct promulgated by the Reverend Leon Sullivan, which has been generally accepted by U.S. firms operating in South Africa, whether directly or through affiliates. Its six points are the following:

1. Nonsegregation of the races in all eating, comfort and work facilities.
2. Equal and fair employment practices for all employees.
3. Equal pay for all employees doing equal or comparable work for the same period of time.
4. Initiation of and development of training programs that will prepare, in substantial numbers, blacks and other nonwhites for supervisory, administrative, clerical and technical jobs.
5. Increasing the number of blacks and other nonwhites in management and supervisory positions.
6. Improving the quality of employees' lives outside of the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

"By and large though," says Buthelezi, "American companies are leaders and are so recognized in this campaign. Their presence does a lot of good, in more than just the economic sphere. They pay exceptionally high wages and offer good conditions. As a result, the other companies have to raise wages and improve conditions to remain competitive in the labor market. Thus, the secondary results of your investment are very beneficial.

"I think of such companies as Ford, which has given a good example in providing housing and in eliminating discrimination in eating facilities, and of Amoco, which has provided loans for housng. Polaroid set up an excellent education fund, but then unfortunately left—under pressure—although the fund carries on. I was sorry Polaroid was pressured into withdrawing."

I asked Chief Buthelezi if he thought foreign firms should be encouraged to invest in the so-called black homelands rather than South Africa proper.

"I have a strong opinion on that," the chief replied. "I am opposed to the homelands policy. The homelands are a way for Pretoria to shed its responsibilities and to disenfranchise whole segments of the South African population. I don't want it to succeed. These are places, not just political concepts; they have people living in them—my people. And some of these areas are being bypassed by development.

"It's essential, in the interests of peaceful evolution here, that nobody be left behind and that every region should be included in the development process as far as possible. People must feel that they have a stake in the success of our country.

"As chief minister of KwaZulu I've been pushing for what I call 'tri' companies, which draw on local black businessmen, some white businessmen for their expertise and various forms of government support."

I mentioned that one of the problems of the "minority-owned" businesses encouraged by the American government had been that the availability of large amounts of easy money encouraged unsound projects. The system in the U.S. often favored entrepreneurs who were better at wire-pulling and filling out forms than at actually starting and running small businesses, an extremely difficult trick at best.

Buthelezi was intrigued by this point. "We're very conscious of the problem," he replied. "Pretoria wants us to get the whites out of the 'tri' companies as soon as practicable, but in my opinion that's a bad idea, and I'm opposing it. The important thing is to have the projects succeed, to create useful jobs for our people and to make needed products available at attractive prices. The skin color of the participants is irrelevant if they do the job, and besides, that approach is based on Pretoria's ideal of racial homogeneity for the homelands, which I oppose anyway. So to me it's a good thing if American firms come to South Africa, and best if they come to the undeveloped homelands, where they will get the warmest of welcomes.

"My friend Ambassador Andrew Young is hated and vilified by many people in South Africa, but I want to say that I think he is one of the greatest friends of my country, a great ally of all the people of South Africa, not just the blacks. He supports American investment here for the same reasons I do. He saw the same thing happen in your South that I want to see happen here: violence being defused by more and more people being drawn into the upward spiral of economic opportunity." (Andrew Young, queried by Forbes on the subject, turned silent. Said his press secretary: "Ambassador Young would be reluctant to comment at all." Has the usually voluble Young suddenly turned prudent? Or is he simply reluctant to antagonize his friends on the liberal left?)

"I challenge anyone to prove that the black people themselves are against American investment," Buthelezi continued. "Some of the Sowetoans and some of the banned leaders are, naturally. They're bitter. I understand that. But not the people who speak for a constituency. . . . Do you understand?" He looks at his interviewer intently. "Not the leaders who have to live with the consequences," he adds, "not those who speak for my people as a whole!"

Mr. LAGOMARSINO. In another, a union organizer of colored and black workers in the Port Elizabeth auto industry, by the name of Freddie Sols is quoted:

> It's all very well for people to urge disinvestment who sit in comfort in a nice office 8,000 miles away. But if the American auto plants were closed down, I would have thousands of men looking for work and wondering where the next meal would come from.

Another black union person, Mrs. Lucy Mvubelo, who is secretary general of the National Clothing Workers, is quoted in a recent trip to the United States, as saying:

> Those in our country who urge a boycott of South African goods and the disinvestment of Western capital are a small fringe of the desperate revolutionaries. They realize the basic condition from which revolution can arise does not exist. Thus, the world must create it. Who will suffer? Clearly, the greatest hardships would fall on my people, the black people. They would be the first to lose their jobs. They will be left to die of starvation. They will be the first to be killed in a revolution.

I received a telegram yesterday, Mr. Chairman, from Mrs. Mvubelo, saying, if I might read it, "The National Union of Clothing Workers, the largest black union in South Africa, strongly opposes disinvestment campaign stop. Real progress is being made in labor relations and conditions of employment for all, repeat all, South African workers, stop. Disinvestment would sabotage such progress and cause untold misery to population as a whole." Signed, Lucy Mvubelo, Secretary.

I would like to ask this be included in the record as well, Mr. Chairman.

Mr. GRAY. Without objection, it will be.

[The telegram follows:]

JOHANNESBURG, *May 21, 1980.*

ROBERT J. LAGOMARSINO,
*Subcommittee on Economic Policy and Trade,*
*U.S. House of Representatives, Washington, D.C.*

The Nation Union of Clothing Workers (SA), the largest black union in South Africa strongly oppose disinvestment campaign. Real progress being made in labour relations and conditions of employment for all, repeat "all" South African workers. Disinvestment would sabotage such progress. Untold hardship and misery to population as whole.

LUCY MVUBELO,
*General Secretary.*

Mr. LAGOMARSINO. I think considering this very important, very difficult, very emotional, and very controversial subject, that these views should be taken into consideration in any decision the committee does make. Thank you, Mr. Chairman.

Mr. GRAY. Thank you, Mr. Lagomarsino. Would any of the panel like to comment on the observations and statements of Mr. Lagomarsino?

Mr. Smith?

Mr. SMITH. Yes, sir, I would. I think the record should show that there are a variety of voices speaking from South Africa. Let me read a couple of others, however, to the Congressman.

> We are convinced that this capitalist endeavor is doomed to fail because the selfishness of South Africa's white elite is already unrealistic and cannot survive in today's world. In South Africa, for over a century, capitalistic paternalism has produced the conclusive evidence which makes us reject government by minority elite.

It sounds like a radical statement, Congressman. It was released by Chief Gatsha Buthelezi several years ago. So I think we should say with respect to Buthelezi that he has walked both sides of this fence. Your reading from the Forbes Magazine article is accurate. The Chief has made statements like that in this country. He has also come out in favor of any pressure on U.S. companies to stop them from selling any equipment to the police and military. We should show for the record, that he has condemned the actions of GM, Ford, and Mobil implicitly by those statements.

But let's go on and try to put some balance on the record, as we talk about the voices of black South Africans. If we are talking about groups like the Black Peoples Convention or the student groups, the South African Student Organization, if we are talking about Mr. Motlana of the Committee of Ten or Bishop Tutu—certainly both of them recognized black leaders among the top 10 black leaders of South Africa, then we hear a different voice as I would admit Chief Buthelezi is. If you are even talking about Mr. Thozamile Botha, who led the action against the Ford Motor Co. months ago, he has said:

> I firmly believe if disinvestment could start, it could bring a hastened end to apartheid. Perhaps an exodus of the American companies from South Africa could bring about some change.

And the Coloured Labour Party, not a radical party, a party that has had some accommodations with the Government but has nonetheless spoken strongly against apartheid, has formally, with an action of its party in its conference in 1977, called for disinvestment and supported sanctions as a means of pressure to bring about social change in South Africa. When an executive of that party, Allen Hendrikse, was asked about this, he put the party's statement on the record, but then said, in terms of the Terrorism Act, "I would be guilty if I was to put on paper my personal feelings and explain the party's rationale." I think it is equally important for the record to show that people are under fear of imprisonment and Government sanction if they call for economic pressures from the West. In spite of that we have seen real bravery from people like Bishop Tutu, who has had his passport removed most recently as a penalty against him when he has called for economic sanctions.

So I would agree with the Congressman, there are voices like Mrs. Mvubelo's who has been to this country itinerated by the South African Foundation and the South African Government to tell her story. It is a story that deserves to be heard, as does Chief Buthelezi's. But our experience, as churches who have worked hand in glove with our counterparts on this question over the last 10 years or more in South Africa, is that the voices we are hearings from our counterparts have changed. Five years ago they would say, "Let us give the Sullivan six principles the benefit of the doubt, to see if they work." Now they are telling us privately, and sometimes publicly, that they think the West should apply economic pressures. I hope that is somewhat helpful.

Mr. LAGOMARSINO. I wonder if I might respond briefly to that.

Mr. GRAY. [Nods affirmately.]

Mr. LAGOMARSINO. I think it is probably the case, without knowing any more about it than I do, I think it is probably the case some people would be fearful of speaking out for a policy of disinvestment or other sanctions. But that would not explain to me why people would go out of their way to speak the other way. It is one thing to be fearful of saying something and another thing to take the action which Mrs. Mvubelo did yesterday.

Mr. SMITH. That is her sincerely held opinion, I think you are right.

Mr. LAGOMARSINO. I think what it points out is that this is an issue where there is a great diversity of opinions and one which we should treat very carefully and not move hastily.

Mr. GRAY. Mr. Smith, you made a statement about the South African law, the Terrorist Act. Are you saying it is against South African law for any person to advocate disinvestment?

Mr. SMITH. Or economic sanctions.

Mr. GRAY. Or economic sanctions?

Mr. SMITH. Right.

Mr. GRAY. That is against the law. And what would be the potential penality, perhaps it is not always enforced, but what would be the penalty if a black leader, very vocally, on a world basis, called for total disinvesement and for economic sanctions, in violation of these laws?

Mr. SMITH. Perhaps our colleague from the bar association would add to this, too. But my understanding is that someone could be brought to trial and could be imprisoned. Of course, as we also know, the Government applies many forms of sanctions outside the court system. So Bishop Tutu's passport was removed in direct response to his call, in Denmark, condemning Danish imports of coal from South Africa. Those who have called for withdrawal of corporations from South Africa also face bannings and other forms of intimidation, as well as the potential of being brought up in court.

When the students from the South Africa Student Organization were tried several years ago—I think there were 10 of them—one of the counts against them was that they had called for economic pressures against South Africa; was one of the legal counts on the docket against them.

Mr. GRAY. So to call for economic disinvesement or sanctions is to violate the South African law, which could potentially lead to imprisonment, banning, or other kinds of action, such as the removal of passport privileges to those few who have it?

Mr. SMITH. That is correct. And if you are willing, I would be pleased to provide, for the record, statements by people like the Coloured Labor Party and other African leaders who have spoken out in spite of that law. Perhaps that would be important to balance the record.

[The information referred to follows:]

## STATEMENT OF REV. M. WILLIAM HOWARD, PRESIDENT, NATIONAL COUNCIL OF CHURCHES OF CHRIST IN THE U.S.A., APRIL 18, 1979, BEFORE THE INTERNATIONAL FREEDOM MOBILIZATION—SUMMIT CONFERENCE OF BLACK RELIGIOUS LEADERS ON APARTHEID

### "BEYOND THE SULLIVAN SIX PRINCIPLES"

I would like to comment on the Code of Conduct of corporations operating in South Africa, particularly the so-called Sullivan Six Principles which have been signed by over 100 U.S. Corporations.

In this presentation, I hope to set a context for the analysis of the Code of Conduct, and to propose a second set of Six Principles which I believe, if enacted, would constitute a serious and meaningful challenge to the system of White supremacy in South Africa, also known as apartheid.

It is well known that in early 1977 the Rev. Leon Sullivan, prompted by concerns coming from a visit to South Africa, succeeded in getting 12 companies to sign a set of Six Principles pledging to improve conditions for Black workers in their South African plants. Rev. Sullivan said at the time that the Six Principles were only a beginning, but even then getting 12 major U.S. corporations to sign them was no easy task.

In these past two years, there is no question that the Principles have raised the consciousness of corporations and the U.S. public about conditions in South Africa. I want to thank Rev. Sullivan for what he has done in raising the American consciousness and in trying to establish some *standards of decency* in the work place for American corporations with installations in South Africa.

But truly, the Six Principles are only a first step. I believe it is time for us to move beyond the Six Principles, because they are not a formula for social change, and the signatory corporations of the first Six Principles should be urged to adopt a new set of principles to deal with the question of White supremacy in South Africa. Let me tell you why I think that time has come.

1. The principles are not changing apartheid, even within the work place, fast enough to stave off the day of reckoning. The *Financial Mail*, the South African equivalent of *Business Week*, said last November that codes like the Sullivan Principles not withstanding, "the movement toward 'acceptable' minimum wages is snail-like." It said "that the average African's earnings in constructions and mining were both below the poverty line, while the wage gap between Black and White workers is actually getting wider in manufacturing and construction. Between 1974 and 1978, African workers went from being paid an average of $250 a month less than Whites doing the same job, to $280 a month less."

Within the companies which are signatories to the Sullivan Principles, the story isn't much different. Last year, General Motors reported that it had a grand total of four African workers in white collar categories, out of more that 3,600 employees--an increase of one white-collar African in a year. GM, in line with the Sullivan code, removed signs indicating separate bathrooms for Black and Whites-- but they put up different-colored cutouts to denote segregation instead: blue for Whites and orange for Blacks.

Control Data, another major supporter of the Sullivan principles, reported that in mid-1978 it had 11 Black workers out of 213 employees--up from nine African 18 months before.

Of course, the Six Principles are not the law in South Africa. And U.S. Firms there are a long way from home. Most of the managers of U.S. companies are South Africans, who can hardly be expected to push for the basic changes needed. Moreover, the fact is, that U.S. companies are not in South Africa to do good, per se; they're there to make money. Given these facts, it seems fallacious to expect them to challenge the South African Government, to give up apartheid and work toward full social, economic and political rights for the Black majority.

2. While the principles may be doing some good for a few workers it seems that, while they are bringing about marginal improvement in the factory, the companies themselves are acting in numerous ways to strengthen the South African apartheid regime, thus negating what good is being done.

Just recently, the Fluor Corporation of California announced a huge new contract to expand an oil-from-coal plant they have been constructing for South Africa. Why does South Africa want the plant? If the rest of the world gets outraged enough at South Africa's racist policies, it might cut off oil-- the one thing South Africa doesn't possess-and the apartheid regime wants to be as capable as possible of overcoming this deficit.

Last year documents were made public that were written by GM South African officials in 1977, after the Sullivan principles were signed. They showed that GM felt it would have to cooperate fully with the South African military--including producing items demanded by the military--if there should be any uprising by Blacks.

U.S. banks like Citibank have lent $2.2 billion to South Africa.

And how is it that South Africa keeps track of its Black population, which must carry around pass books everywhere they go? With U.S. computers, of course--more and more of them every year.

In short, there are multiple actions by U.S. corporations that serve to cement apartheid rather than break its grips on the Black majority.

3. Finally, and most importantly, the principles cannot--and do not propose to attack the system of Apartheid itself. Africans are not struggling to reform apartheid, they intend to abolish that system entirely. They are demanding an end to a system under which they are not regarded as citizens of the land of their birth. They can be shipped at any time to bantustans they and probably their parents have never even seen. This can be done for any reason from not having a job, to "causing trouble." They are demanding an end to a system under which they cannot own land, vote, or organize into recognized unions.

If it is fundamental change that is being sought, the Principles can play no part in that. The government of South Africa will not allow such changes to occur. The South African Ambassador to the U.S., Donald Sole, made this clear in an interview with a Princeton University magazine last year, when he said of U.S. companies: "I do not think that they will play any role in what you refer to as 'elimination of apartheid'... They cannot play any role whatsoever in the institution of Black majority role."

And just to make sure the corporations understand who is in charge, the South African government passed a law after the adoption of the Principles which gives it power to demand that a foreign company produce anything required in the event of what the government determines to be "an emergency." "If the companies don't obey," the government said, "it will take them over."

So let us consider the Sullivan Principles a useful first step. It helped to broaden our awareness of apartheid. But now that we are aware, what must be our next steps.

I propose a second set of Six Principles, to be endorsed by all of us here, and all Americans, and to be urged upon each of the more than 350 U.S. Corporations doing business in South Africa:

1. A commitment to no expansion, no new investment in South Africa. The nearly $2 billion in direct investment in South Africa is enough, and more than enough. Each new dollar invested signals confidence by U.S. companies for the future of South Africa under continued White control.

2. No new bank loans to South Africa. Currently, U.S. banks have more than $2 billion in loans to the South African government, its agencies and to private concerns. This money strengthens the South African military, to finance foreign purchases of arms and oil and pays for expensive equipment designed to make South Africa impervious to outside pressure. Many banks have agreed to stop or limit lending to South Africa because of domestic pressures. It is time that the flow of U.S. dollars to South Africa stop entirely. Dr. Sullivan has given his endorsement to these two positions in testimony before the U.S. Congress.

3. No sales to the police or military. Since last year, there has been a ban on the sale of material with U.S. parts, but U.S. firms in South Africa get around this embargo by producing items in South Africa that contain no U.S. parts and selling to the apparatus of repression for the police and military. GM and Ford openly defend their right to make such sales. We believe Mobil and Caltex also are continuing petroleum sales of all kinds to these agencies. All such sales must stop.

4. No investment inside or on the border areas of the Bantustans. Such investments simply ligitimize the grand design of apartheid by supporting the whole system of "reservations for African. There must be no compromise with apartheid in this area.

5. An end to trade in strategic areas with South Africa. Much of our trade with South Africa is in strategic areas which are vitally useful to the maintenance of White supremacy. For example, the sale of aircraft, heavy machinery, computers, contracts to help build oil from coal facilities. This form of trade is in many ways as important as investment itself, and it should be curbed.

6. A commitment by U.S. investors to withdraw operations from South Africa unless and until the White supremacist government abandons its apartheid policy and implements steps to provide full political, economic and social rights for the Black majority.

Increasingly voices from within and without South Africa are calling for the withdrawal of foreign investment in the belief that its net effect has been to strengthen the apartheid status quo.

An ultimatum by U.S. investors, that they will withdraw unless South Africa moves toward Black majority rule and the disengagement by U.S. companies, would be a very real shock to South Africa. It would provide meaningful encouragement to the Black community in their dedication to full liberation. It would be a severe blow to the white minority which values its membership in "White, Western Christian civilization," and a sign that the time of "business as usual" between the United States and White South Africa is over.

Within the U.S. churches, we are hearing a growing chorus of voices calling for the withdrawal of foreign investment.

As Bishop Manas Buthelezi said after the Six Principles were signed, when asked what he thought of economic sanctions: "There is no doubt that if South Africa suffers, the Black people will suffer as well. But we must remember that even when a country goes to war, it does so knowing that some of its citizens are going to die in the process. The same thing applies here. We know that there will be suffering, but we realize that it is by suffering that something better may happen. We don't mind taking the consequences."

Increasingly, I believe the U.S. corporations are virtual hostages to South Africa, required to serve the needs of the South African Government as it moves to tighten its hold on the Black majority population. IBM computers are found in virtually every government department. GM and Ford vehicles and Mobil and Caltex petroleum are sold to the South African police and military; U.S. banks lend $2.2 billion for the unfettered use of that Government and its agencies. The South African government stands ready under War Powers legislation to mandate sale of any product to it for military purposes and has threatened the takeover in times of emergency of plants of foregin investors. Ironically the same companies that have signed the Sullivan Six Principles often cannot control the actions of their wholly owned subsidiaries in South Africa and are forced to clear the release of basic information about their operations there with a Ministry of the South African government as it moves to tighten its hold on the Black majority population. Mobil and Caltex, as leaders in the South African oil industry, are unable to get basic information on who they sell to in the Republic and where oil supplies originate.

I believe the call for the withdrawal of U.S. corporations is a credible and reasonable position and one that people of conscience within the United States should support with word and deed.

In summary, I believe the time has come; indeed it is long past, when we should have a new code of Conduct, a second set of Six Principles--- principles which strike at the root cause of White supremacy in South Africa; principles of substance not of cosmetic change; principles that will help bring freedom not delay it.

I urge your support and your continued work to make these new principles a reality.

# THE SULLIVAN PRINCIPLES: NO CURE FOR APARTHEID

## A Public Statement

Public debate on the issue of whether U.S. companies should do business in South Africa continues to grow. The Sullivan Principles, a voluntary business code of conduct initiated by the Reverend Leon Sullivan, have become an important element in this debate.

Signers of the six Sullivan Principles pledge to support a series of workplace reforms in South Africa, including the ending of segregation in locker and dining facilities; the provision of training and advancement opportunities for blacks; and the payment of equal wages for equal work. Signatory companies also agree to try to help improve health and other services for blacks.

The Principles were signed originally in early 1977 by 12 major U.S. firms, among them Ford, Mobil, General Motors, IBM and Union Carbide. Additional companies later added their endorsements, bringing the current total of signers to more than 130.

The Principles have developed rapidly into a major defense of U.S. business activity in South Africa. Signatory companies invoke them to justify their continued presence in that country. Universities cite them in opposing student calls for divestment. Sympathetic officials in Washington point to them as an argument against any efforts to pass legislation restricting U.S. investment.

Signers of the Principles say they believe the code "will contribute greatly to the general economic welfare of all the people of the Republic of South Africa." Henry Ford has hailed them as "a better idea." Rev. Sullivan, who is a member of the GM board of directors, has referred to them as "a tremendous force for change, and a vital factor in ending apartheid."

We, the undersigned, disagree. We believe the time has come to examine the Sullivan Principles critically, and to register our opposition both to those principles and to all other workplace codes of conduct.

We see the Principles not as a result of genuine change in corporate attitudes but as a public relations effort to respond to black demands which the companies recognize as too strong to ignore.

We maintain that the Sullivan Principles do not and cannot change the structure of apartheid, a system of legalized racism which reduces Africans to units of labor. Nor do we believe they can significantly alter black working conditions in the country, particularly when U.S. companies employ only about 1% of the total workforce.

Moreover, the Sullivan Principles allow a continuing flow to South Africa of money and technology which strengthen the existing unjust system, with its potential for national and international conflict.

We urge that the question of U.S. economic involvement in South Africa be made an issue of public policy. And we urge that instead of being applauded for endorsing the Sullivan Principles, companies be pressed vigorously to end all economic ties to South Africa.

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### THE SULLIVAN PRINCIPLES ARE NOT AN ACTION BUT A REACTION

In 1970, the Polaroid Corporation, faced with employee demands to end ties to South Africa, announced a highly publicized plan very similar to the Sullivan Principles and urged other companies to "join us in this program." The U.S. corporate community, however, remained silent.

In 1977, by contrast, members of that same community signed the Sullivan Principles in large numbers, hailing it as a great step forward.

Why was there this sudden interest in reforming a century-old system? What has changed is not the nature of apartheid or the nature of the corporations, but the nature of black resistance to apartheid. Current corporate support for proposed reforms in South Africa comes not in response to the apartheid system but in response to black resistance to apartheid.

The nationwide uprising which began in Soweto in 1976 signalled a new stage in the struggle for freedom in South Africa. For long months thousands of young black men and women risked death defying police guns, dogs and tear gas to demand an end to apartheid. Many died under torture or in prison.

In large part due to the events which began in Soweto, public indifference regarding the role of U.S. corporations ended. University students began calling for divestment of stock in companies doing business in South Africa. Many churches, unions, and members of the black community demanded an end to bank loans and corporate investments by U.S. firms. Called to account, the corporations felt obliged to justify their continued presence in South Africa.

In this context, the Sullivan Principles provided precisely what the companies were looking for: a guaranteed public relations success which promised maximum credit for minimum change. The Principles sound impressive; they mandate nothing; and there is no way they can be effectively enforced.

## THE SULLIVAN PRINCIPLES DO NOT AND CAN NOT CHANGE THE STRUCTURE OF APARTHEID

The Sullivan Principles confine themselves almost entirely to workplace reforms, raising no fundamental objections to the system of apartheid itself. Corporation executives are responsible to stockholders whose first concern has to be the profitability of operations. Neither in the U.S. nor in South Africa do corporations exist to reform society. South Africa has been a profitable place for U.S. companies to operate. As they point out repeatedly in describing their position there, they are in South Africa as guests of the South African government. To antagonize that government is to jeopardize the companies' ability to function.

Yet confrontation is inevitable if true change is to occur. Non-segregation in the workplace—the first of the Sullivan Principles—is the least of the objectives of black South Africans. They demand real political power: the right to vote, make laws, shape the economic future of the country. Africans want to be free to live with their families where they choose, and to walk the streets without worrying that policemen will arrest them for infractions of the pass laws. Africans are not struggling and dying to reform apartheid. They want nothing less than the abolition of the system.

## THE SULLIVAN PRINCIPLES CANNOT SIGNIFICANTLY ALTER BLACK WORKING CONDITIONS QUITE APART FROM WHETHER THEY WILL ALTER APARTHEID

Corporations in South Africa operate with a controlled labor force. The only time real change in working conditions ever occurs is when workers organize. In South Africa, the government has made it clear that it has no intention of permitting blacks to acquire any significant rights in this area.

For a time, corporations were able to say this was about to change. The Wiehahn Commission, set up by the South African government to look into labor laws, heard testimony from a number of signers of the Sullivan Principles that they favored an end to all discrimination in these laws. Belatedly, an amplified version of the Sullivan Principles endorsed the right of blacks to form trade unions. The companies made much of their "progressive stance".

When the Commission issued its report in 1979, however, it did not appear to have been much moved by the U.S. companies' statements. In fact, the report made it clear that one of its primary aims was to limit the influence of any "alien" labor codes.

While it recommended that those non-registered African unions which currently exist be permitted—indeed forced—to register, only those who are considered "legal residents" of the country are included in a recent amendment to the Industrial Conciliation Act which enacts some of the recommendations of the Commission.

This means that between one-third and one-half of all African workers, currently classified as migrants, have no legal right to belong to a union. While the amended act explicitly excludes these workers in the text, a little noticed provision also gives powers to the Minister of Labor to change the definition of who shall be included "as he may deem expedient". (Act 94-1.b) Recently it was reported that the Minister announced that he would extend the definition of "employee" to include migrants and commuters, an action which he can revoke at any time, solely at his discretion. It is also unclear how inclusive this announcement will actually be.

On the question of keeping some jobs only for whites, so-called job reservation, a practice which the Sullivan Principles oppose under a pledge of equal and fair treatment, the Wiehahn Commission again offers little hope of change. While proposing that job reservation be phased out in certain areas, it proposes keeping it in others. More importantly, it provides for the continued existence of closed shops, which means that if a white union has organized a given operation, there is no way a black can work there—unless of course he is made a member of the union. And Wiehahn has said there should be no mixing of races in unions except under special circumstances.

When the government introduced legislation based on the Wiehahn proposals, not only did it endorse these ideas but it further reduced whatever small changes Wiehahn proposed.

In the absence of an organized black workforce, the Sullivan Principles make little if any difference even in areas such as wages, where companies face no legal barriers. Late in 1978, the *Finanacial Mail*, a leading South African business periodical, reported that codes like the Sullivan Principles not withstanding, "the movement toward 'acceptable' minimum wages is snail-like." Between 1974 and 1978, African workers went from beng paid an average of $250 a month less than whites doing the same job to $280 a month less. The vast majority continue to earn wages which fall below the South African poverty line.

As for advancement, to cite two examples of firms which have signed the Sullivan Principles, GM in South Africa employs only four blacks in salaried jobs out of a workforce of more than 4,500. IBM has four black managers out of 1,443 employees.

## THE SULLIVAN PRINCIPLES ALLOW A CONTINUING FLOW OF AID TO SOUTH AFRICA'S WHITE REGIME

The Sullivan Principles were invented as part of a plan to defeat demands for divestment by showing that modest changes could be made that would justify corporations' staying in South Africa. But the fact is that many corporations, just by being present in South Africa, give direct strategic assistance to South Africa in its fight to defend itself against those who want to abolish apartheid.

In early 1979 the Fluor Corporation of California announced that it had received a $2 billion contract to expand an oil-from-coal plant it has been building for the South African government. This plant is needed because all the major oil producing countries, most recently joined by Iran, have cut off oil supplies to South Africa, which has no oil of its own. Thanks to Fluor, South Africa is taking an important step toward lessening its dependence on imported oil and thus becoming less vulnerable to world pressure.

General Motors and Ford continue to supply trucks and other vehicles to the police and military, and defend their right to do so.

South African laws require that all foreign companies cooperate with the South African military when required. Contingency plans prepared by GM officials in South Africa indicate that GM's total operation would be taken over by the Defense Department in a time of emergency.

Yet Fluor, GM and Ford are all signers of the Sullivan Principles. So, too, is Control Data, whose chairman commented in 1979 that "the little bit of repression that is added by the computer in South Africa is hardly significant" compared with the good the company feels it is doing. So, too, are Mobil and Caltex, which continue to sell petroleum to the South African government, including the military, and Citibank, whose hundreds of millions of dollars in loans serve to strengthen the South African economy.

## WHILE U.S. INVESTMENT IN SOUTH AFRICA HAS INCREASED GREATLY IN RECENT YEARS CONDITIONS FOR SOUTH AFRICA'S BLACK MAJORITY HAVE WORSENED. THE SULLIVAN PRINCIPLES WILL NOT ALTER THIS TREND.

U.S. corporate investment in South Africa has nearly tripled in the last 10 years to close to $2 billion, or one-fifth of all foreign investment, while U.S. bank loans have grown to well over $2 billion, or about one-quarter of all South Africa's foreign loans.

The growing U.S. presence has meant jobs for about 100,000 people—1% of the workforce. Of this number, about 70,000 are Africans, Asians and Coloureds. For Africans as a whole, however, the main fact of life in recent years has been that conditions have grown steadily worse. Africans have faced new restrictions on where they can live and work, and increased repression in the form of arrests, bannings and detentions.

While 69 Africans were killed in Sharpeville in 1960 as police fired on a peaceful demonstration, 1,000 people are estimated to have been killed following the 1976 outbreak of protests by Soweto students. Whereas Africans once had certain limited rights to live and work in white South Africa, they have now been stripped of their citizenship and told they are citizens of remote bantustans which many of them have never seen.

## MANY AFRICANS BELIEVE THAT WITHDRAWAL, NOT SIGNING THE SULLIVAN PRINCIPLES OR ANY OTHER CODE OF CONDUCT, IS THE ONLY APPROPRIATE STEP FOR FOREIGN INVESTORS.

No one really knows what the opinion of the majority of South African blacks is toward U.S. investment and codes of conduct. But it is certainly true that many of the younger black leaders oppose all foreign investment and have called on foreign companies to withdraw.

Among this group is the late Steve Biko, the founder of the Black Consciousness Movement, who died in police custody in 1977. Noting in a statement several months before his death that it is a crime under the Terrorism Act to advocate withdrawal, Biko said, "Heavy investments in the South African economy, bilateral trade with South Africa . . . are amongst the sins of which America is accused. All these activities relate to whites and their interests and serve to entrench the position of the minority regime."

Some South African church leaders share this view. Bishop Manas Buthelezi said in a discussion of international economic pressure, "There is no doubt that if South Africa suffers, the black people will suffer as well. But we must remember that even when a country goes to war, it does so knowing that some of its citizens are going to die in the process. The same thing applies here. We know that there will be suffering, but we realize that it is by suffering that something better may happen. We don't mind taking the consequences."

Many black political organizations, including the African National Congress and the Pan Africanist Congress, the recognized liberation movements, also have called for withdrawal.

Even the U.S. Embassy in South Africa appears to have been convinced by early 1977 that blacks do not want codes of conduct, but withdrawal. A confidential memo written at that time by William Bowdler, then U.S. ambassador to Pretoria, noted that an Embassy officer had visited Port Elizabeth, headquarters of Ford and GM, and had held a secret meeting with members of a black workers committee.

According to the memo, the officer found that most of the workers were dissatisfied with their unequal treatment and favored U.S. withdrawal. It added, "Other community figures employed by motor companies also leaned toward withdrawal. Conceding that the immediate consequence would be loss of the U.S. market share to foreign and local competitors, the main point, they claimed, was one of morality."

**Only the people of South Africa themselves can end apartheid. But there are ways in which the U.S. can help. We call on American corporations, the American government, and the American people to act now to end U.S. trade with South Africa; to halt bank loans and investment in that country; and to join with the United Nations in urging the withdrawal of all companies with existing operations in South Africa.** ☐

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December 14, 1979

Secretary Cyrus Vance
Department of State
Washington, D.C. 20520

Dear Secretary Vance,

It is our understanding that all foreign policy-related export controls shall expire on December 31, 1979, unless specifically renewed in accordance with the provisions of Section 6 of the 1979 Export Administration Act.

As religious persons and church groups actively involved on the issue of South Africa, and as socially responsible institutional investors, we are deeply concerned about the status of those export control regulations regarding South Africa.

We strongly urge that all existing export controls applying to South Africa be renewed in their entirety.

We believe that any attempt at diminishing or diluting the existing export controls and arms embargo pertaining to South Africa would be tantamount to opening the floodgates to concrete United States support for apartheid and white minority rule in South Africa.

As you know, the racist system of apartheid remains in effect in South Africa today, cosmetic changes notwithstanding. The South African Government's assault upon the fundamental human rights of the Black African majority population continues unabated. Furthermore, that government has clearly and unmistakeably shown that it intends to maintain white supremacy and minority rule at all costs. Prime Minister P. W. Botha himself recently stated that "... I warn you finally. I say it again: one man, one vote is out in this country. That is, never." South Africa continues its illegal occupation of Namibia, its agressions against neighboring states, and has now admitted its military intervention in Rhodesia.

These factors make imperative the need for the retention and tightening of all export controls concerning South Africa. We strongly urge the U.S. Government to continue its ban upon all exports to the South African military and police. We urge that regulations banning the use of any U.S. components or technology in foreign-manufactured goods sold to the South African armed forces and police be expanded to prohibit the sale of all commodities produced by foreign subsidiaries of U.S. companies. Such sales defeat the intended purpose of existing export controls and the arms embargo. We call for a stricter interpretation of existing regulations concerning the export to South Africa of dual-purpose goods of potential military use, especially with regard to aircraft sales.

We strongly urge that the utmost attention be given to improving monitoring and enforcement efforts so as to allow these controls to achieve their intended purpose.

We hope that you share our concern on this issue and will adopt our recommendations as governmental policy.

We look forward to your response. ICCR will be pleased to transmit your reply to all signatories.

Sincerely,

Tim Smith

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Claude Lenehan, O.F.M.
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Sr. Mary Catherine Rabitt,S.L.
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cc: Ambassador Donald McHenry
Richard Moose, Assistant Secretary of State for African Affairs
Sen. William Proxmire, Chairperson, Senate Banking Committee
Sen. George McGovern, Chairperson, Senate SubCommittee on African Affairs
Rep. Clement J. Zablocki, Chairperson, House Committee on Foreign Affairs
Rep. Stephen Solarz, Chairperson, House Subcommittee on Africa
Rep. Charles Rangel, Congressional Black Caucus

### Rev. Allan Hendrickse—(Leader of the Labour Party of South Africa), February 1980

*Question.* Your party supports the demand that foreign investments be withdrawn from South Africa. The Labour Party is the first large political organization inside South Africa to take this stand. What are the main reasons for this additude?

*Answer.* In terms of the Terrorism Act I would be guilty if I were to put on paper my personal feelings and explain the party's rationale. Suffice it to say that we believe in a greater amount of suffering for a shorter period rather than less suffering for a longer period. The party at its conference in 1977 did make a call for disinvestment and supported sanctions as a means of pressure to bring about social change in South Africa.

### Thozamile Both—(Leader of Ford Elizabeth Black Community Organization and Labour Leader), December 1979

*Question.* What do you think about overseas investments in South Africa? Would you advocate a complete economic pullout from South Africa by overseas companies?

*Answer.* I firmly believe if disinvestment could start, it could bring a hastened end to apartheid. Perhaps an exodus of the American companies from South Africa could bring about change.

Mr. Gray. Mr. Payton?

Mr. Payton. I wholeheartedly agree. And I will not repeat the comments. But I would observe that there is another explanation for why people seem to say things which contradict themselves.

It does appear to a number of observers of South Africa that over the last several years many more black South Africans now believe that economic sanctions are essential if there is going to be any meaningful change in that system, people who before were protecting themselves by saying things that would allow them to keep the power they had in South Africa. Black South Africans and some black South African leaders, in the face of these changes and their own changed perceptions, now feel an urgency to say exactly what they think about some things, and sometimes they are, in fact, subjected to a full range of sanctions which can be applied when they do that. Under some pressures like that, they sometimes again adjust their views.

I think Buthelezi is a very good example. I will read something he has said 2 years ago, which was also presented to this committee 2 years ago in hearings then. This is Buthelezi speaking in the United States, I quote:

> Your corporations will continue to export to South Africa the nuts and bolts of Mr. Vorster's war machinery. Your corporations will continue dealing with the oppressive powers in such a way that they gain added strength. Your corporations will do these things in the name of free enterprise and they will do so upholding the right of big business to be free of political manipulation. Your diplomats in our country will continue to proclaim the illegality of direct American participation in political systems other than your own. Your diplomats will continue to invite black South Africans to their cocktail parties, before which and after which the real business of their presence in our country is concluded with big business behind closed doors.

Mr. Lagomarsino. When was that statement made?

Mr. Payton. I believe in 1978.

Mr. Smith. Before the Urban League conference in California.

Mr. Payton. That's right.

Mr. Lagomarsino. Do you have a date?

Mr. Payton. I don't have a date. It is contained in Broadus Butler's testimony to this committee in 1978.

Mr. Gray. It's a quote by Mr. Buthelezi? Of Mr. Butler while here telling us what Mr. Buthelezi said while attending an Urban League conference?

Mr. Payton. That's correct.

Mr. Gray. Let me ask you a question as an attorney, Mr. Payton. And that question is this. Would such a statement as that be viewed as a call for disinvestment or sanctions? Or would that be a statement that would fall into—excuse the pun—a gray area of criticism, but not going to the point of calling for disinvestment and sanctions and, therefore, not running the risk of imprisonment, banning, or loss of passport?

Mr. Payton. I am not an expert on exactly how South African authorities decide to prosecute or sanction people for statements they make. I mean, I don't have a full range of case studies. But it is my perception that there are not very many gray areas in regard to laws that govern what people can say or advocate. When you say something that can be considered disruptive of economic or political relations that is subject to sanction—that is subject to criminal sanction. If they choose to prosecute they can prosecute. It just so happens sometimes for other reasons they choose not to, because there is a lot of publicity surrounding the individual who says it, because they don't want to endure the wrath or the condemnation of the world if they do that to someone like Mr. Buthelezi. But I believe if they chose to they could on the basis of that statement invoke sanctions.

Mr. Lagomarsino. But they have not.

Mr. Smith. They have not.

Mr. Gray. Mr. Lockwood?

Mr. Lockwood. I don't want to prolong this too long, but I think it is important to realize what the structural relationship is between Mr. Buthelezi and the South African Government. He accepted to work within the Homeland system. That does not mean he is against liberation. It does not mean he is not against apartheid. But the total budget of the KwaZulu government is almost entirely dependent on grants made within the discretion of the South African Government; they're not arms-length transactions, in any way whatever, they are decided by the South African Government. And I think one has to bear in mind that Chief Buthelezi is using these statements within that context.

Now, I was present in 1971 at the General Motors meeting at which there was a challenge by the Episcopal Church and various other churches to the General Motors Corp., saying, in effect, "Get out of South Africa." And at that time Chief Buthelezi offered to be a part of that testimony. He wanted to say General Motors should get out of South Africa and come into KwaZulu. [Laughter.]

The reason for that is primarily his interest in finding some source of revenue other than the South African Government.

So I think one has to take these things into consideration. His position within the general movement of blacks within South Africa has earned him the reputation, among the black consciousness movement, of being essentially a sellout. That may not be accurate; but, in fact, he was, as someone testified here the other day, forced to leave the funeral of Steve Biko because he had, in fact, included himself within the Homelands structure. So I think one has to read these statements in that context.

Mr. **Gray**. Gentlemen of the panel, I am going to move from the Chair. Quickly power comes, and quickly power goes. [Laughter.]

The chairman, the distinguished gentleman from New York, has returned, and I will quickly go back to my place on his far right. [Laughter.]

Mr. **Solarz**. Let this be a lesson to those who are skeptical about the possibilities for peaceful change in South Africa on the grounds that in the course of human history no one has ever voluntarily divested themselves of power. [Laughter.]

I think Mr. Gray has set a salutory example of how it is possible to relinquish authority and, at the same time, still have a constructive role to play. As a reward for his gracious renunciation of the authority of the Chair, I will recognize him for whatever questions he may have.

Mr. Gray.

Mr. **Gray**. Thank you very much, Mr. Chairman. I would like to point out that as a person who most recently was in South Africa in January and had an opportunity to meet with a variety of black leaders—including the Committee of Ten, Dr. Motlana, Percy Qoboza, the leading black editor—that I was also very much impressed by what seemed to be a transformation from an earlier position by black leadership in South Africa of one of hoping to bring about small amounts of change to a more strident position of calling for disinvestment. I was also impressed that one of those who takes this position is Bishop Buthelezi, whom I believe is the cousin, Chief Buthelezi; and, thus, within this family there is a strong disagreement. So I would just like to make that comment for the record.

I think one of the problems that takes place in trying to assess what should be our policy is the question of the voices that we listen to. My colleague Mr. Lagomarsino has raised, I think, a valid issue in terms of black leadership within South Africa. Based upon some of the names that have been mentioned by my colleague and also some of the names that you have mentioned, would this panel or anyone on this panel be willing to venture a guess or make a statement as to which set of leaders perhaps has the largest constituency among black South Africans?

Mr. **Hackney**. Congressman Gray, I am not going to venture a guess. I am just going to say that it would be very difficult to do such a thing. If you remember the situation in Zimbabwe, at one time it was thought that Bishop Muzorewa had the largest constituency, and following the recent elections, 1 year later, that was proven incorrect.

Mr. **Smith**. I think it is also a very difficult question to answer, Mr. Gray, because there are not opinion polls allowed in South Africa where people can freely speak their mind; and, of course, there are no meaningful elections where people can vote their consciences. I think from our point of view it is clear that there is a strong, active constituency within the churches and that the South African Council of Churches has taken some real leadership on the issues and has a broad constituency; and second, Dr. Motlana and the Committee of Ten, certainly in Soweto and far beyond the borders of Johannesburg, have a following and a constituency; and third, I think no one would deny that Gatsha Buthelezi and the movement he heads, Inkatha, also has a following. The "Coloured Labour Party" or the student movement have broad support but I don't think it is possible for anyone to say, "Here is the authentic voice of black South Africa, and here is the inauthentic voice." I think we have to listen to a number of those voices to try to discern wisdom in them, but I think we also have to observe trends. I think your comment was very helpful, when you said you heard an increased stridency—"We are not willing to wait too long." I think any commenator who has been to South Africa recently would say that is very true.

Some of you may have seen the recent Atlantic magazine article by David Halberstam, "The Fire To Come in South Africa," where that very point is made with clarity. Mr. Halberstam, in his observations from talking to people, does not make a big point about the disinvestment question; but he says, at a number of points, when he interviewed people and asked them that question they said, "I will talk to you, but put your pen down. If you quote me, I am vulnerable under the terrorism act." Then he went on to say there was virtually no one he interviewed who was not calling for economic pressures at this time.

Mr. GRAY. Mr. Lockwood?

Mr. LOCKWOOD. Yes. I think one other aspect is that the leadership of the country has also been put in prison or has goen into exile. I think it is significant that in recent months, following the victory of the Patriotic Front in Zimbabwe, there has been a renewed call for negotiations and especially for the release of a leader of the African National Congress, Nelson Mandela, and for other leaders who have, in fact, been silenced by being put in prison, to be released. I don't think the question of the leadership can be resolved until those voices which have been subjected to repeated bannings, imprisonment, and other things, are able to speak. Until the political prisoners are free, it is very difficult to tell. There are signs already that, in fact, the African National Congress is becoming more visible and support for it much more visible even in the overt sense. So I think it is in that context that one must discuss the question of leadership.

Mr. GRAY. Mr. Denison, in your testimony, you seemed to be saying that perhaps first we should enact legislation which would, in essence, make the Sullivan principles mandatory upon all corporations; and then second, if that did not work and was not effective, that we should move progressively to a selective ban on the importation of South African products, going to perhaps a full boycott of new investment and complete disinvestment and severance of all social, cultural, and diplomatic ties. Are you, therefore, saying that from your perspective and the perspective of your constituency, that the enactment of mandatory compliance with the Sullivan principles is a first step which could possibly be followed by total disinvestment?

Mr. **Denison.** Yes. Mr. Gray. What we're calling for is a very specific program is legislated by the Congress, beginning with the requirement that where unions show themselves to be representative they will be recognized, that there will be training programs, that there will be equal pay for equal work. Failing to do that, we would then want to go to a second step requiring the United States to impose certain penalties against those corporations, in the tax field, for example, in foreign tax credits, in deferrals, moving to Eximbank credits in those areas, in other words, economic pressures. Moving past that to the area you indicate, the matter of an eventual boycott and total disinvestment. But a very specific program. At any point along the way where compliance is reached, then we would be one step closer to ending apartheid.

Mr. **Gray.** Are you aware that General Motors, as well as Ford, does provide vehicles for the South African military and South African police? And if you are aware of that, has your constituency, particularly the UAW constituency, decided to formulate any program here at home to address itself to that?

Mr. **Denison.** I wish the UAW were our constituency. At the moment they are an independent union, but I understand that one of you is appearing on behalf of UAW today.

Mr. **Smith.** They are a part of our constituency.

Mr. **O'Farrell.** One thing the UAW is doing to approach that problem is, they have negotiated an agreement with Chrysler Corp. to review the activities of companies in which their pensions funds are invested and to review the activities on an annual basis and disinvest their pension funds from five of those companies every year if they do not show some progress in implementing the principles of the Sullivan code and some progress in, at least, giving equal opportunity in the workplace.

I might say our approach to this whole problem is complicated by the same sort of things that are visible here in the testimony of the churches, the legal profession, or any other group. There is no unanimity of opinion among South Africans or among blacks, whites, coloreds, or Asians, either inside or outside the country, on how to approach this problem and how to bring about what we are all talking about, which is really majority rule and total independence and self-determination in South Africa.

What we are saying, I think, is only slightly different from what some of the other people have testified here and who have testified before are saying, that, hopefully, it is possible to arrive at that point through peaceful means, and that if one accepts that it is possible and that you can change the entrenched positions of people in South Africa, then we ought to avail ourselves of that opportunity and to try to do it. Obviously, if you disinvest and boycott you no longer have any influence inside the country. And one of our opinions is you simply cannot do it from outside; you must try to influence the people inside, who, after all, are the people suffering under the system. The people who are out are out. We're out; we were never in. The Donald Woodses and the others who have gone into exile are out. The Lucy Mvubelos of South Africa represent one form of opinion.

We could solicit and obtain probably from the other African trade unionists, black and colored trade unionists, telegrams to the same effect. As has been pointed out here, those people would suffer privately. Many of the trade unionists there will tell you they are willing and want disinvestment immediately; they want to go to this immediately. They fell, perhaps simplistically, perhaps too optimistically, that American action in this regard, American disinvestment, would precipitate a more rapid change, a more rapid movement toward change.

Mr. GRAY. Does the AFL-CIO or any of its affiliated unions have deposits with Citibank?

Mr. DENISON. I doubt if unions have direct funds in Citibank.

Mr. GRAY. Or its subsidiaries?

Mr. DENISON. If you are referring to pension funds, in most cases unions are not in a position to control deposits unless they are jointly administered funds, and those are in the minority; the large funds are totally controlled by the corporations, because when they were established the unions bargained for benefits and did not establish that they would have any say in the terms of the investment of those funds.

Mr. GRAY. Mr. Denison, we have a vote going on. I have one quick question for you and one to Mr. Smith.

How long should the United States wait before stronger measures, using your progression, would be taken? If there were a mandatory Sullivan code, how long would you wait before legislation advocating disinvestment or no new investment should be proposed?

Mr. DENISON. Mr. O'Farrell has represented us in Africa for more than a decade. He is close to the scene. I will let him respond to that.

Mr. O'FARRELL. This is something which has to be determined. We don't have any preset timetable for the whole thing. The first step in that process, obviously, is to establish the mandatory code, to establish something against which you can judge the performance of the American companies doing business in South Africa. In the process of establishing that code—and we don't recommend that it simply be the Sullivan code—we are saying that the U.S. Government should establish a code of conduct for the business interests doing business in South Africa. You should be able to monitor and evaluate that program. It should be done from the outside, not by Arthur D. Little, which is like setting the fox to watch the hen coop, as far as we are concerned. We are trying to establish black unions in South Africa that are legitimate representatives of the black workers, so that they can serve as groups to monitor this thing. Whether you set it at 1 year, 6 months, 6 weeks, or 6 years, I am not sure.

Mr. GILMAN. Would the gentleman yield?

Mr. GRAY. Yes.

Mr. GILMAN. I thank the gentleman for yielding. I certainly recognize the salutary objective the panel is suggesting, Would the panel also suggest the same kind of code be uniformly applied in other areas of the world, such as the Arab boycott regions and in Northern Ireland, where there is a great deal of religious discrimination? Do the panelists agree that that same kind of mandatory code should be applied equally in those areas?

Mr. **Denison.** Offhand, I can't think of any reason why not.

Mr. **Gilman.** Have any of the panelists been involved in any constructive action in that area such as in coming forward with a request for that kind of mandatory code for either Northern Ireland or the Arab boycott nations?

Mr. **Denison.** Yes. The AFL-CIO has in the matter of Ireland; yes.

Mr. **Smith.** So have these churches.

Mr. **Gilman.** Is it the same in the Arab boycott nations? I noticed the OPEC nations refuse to sell in South Africa because of their racist policies. It seems to me to be a little bit inconsistent, because they have the same racist policies in dealing with any Israeli or Jewish involvement in their own countries.

Mr. **Smith.** I think a code of fair employment is something that we or General Motors would in principle support. GM said it is trying to do the same kinds of things in Northern Ireland or in Chile or in South Africa or wherever it is around the world. It has guidelines it says it tries to put into effect.

We are talking, of course, about South Africa today, because we think it is a pressure cooker which could explode and affect all of us. And I think because of that, our position would be that we are not talking about a gradual process, Mr. Gray. We have previously testified before this committee and the Senate committee and appealed to Members of Congress over the last 10 years and more, to start applying economic pressures. If, with all due respect to the Sullivan six principles and the importance of making them stronger, if the committee only focuses on that as its central task, we are missing the boat. We are still allowing hundreds of millions of dollars of U.S. bank loans to flow into the Government's coffers; we are still allowing our companies to provide strategic materials; we are still supporting that system through our companies even though we may be trying to improve the workplace.

Mr. **Solarz.** We now have a vote in progress on the floor. Those were the second bells. The committee will temporarily recess for about 10 minutes while we go vote, and then we shall resume. The hearing is recessed for 10 minutes.

[A brief recess was taken.]

Mr. **Solarz.** The hearing will resume. I believe Mr. Gray has a question.

Mr. **Gray.** Yes. Mr. Smith, in your testimony you singled out particularly Citibank as a target of violation of moral principles. And I was just wondering, were you aware that recently the executive vice president of Citicorp testified before this committee, and I quote:

> We must never lose sight of the fact that we are guests in foreign countries and must conduct ourselves accordingly, that is to say, in conformance with their laws and customs.

One of the arguments that we hear from the corporate side is that the mandatory requirements of even something like the Sullivan principles, let alone disinvestment or limited new investment, somehow involves them in violating the Government's rules as a guest country. And they point to this proposition of being a guest, one must abide by the laws and customs. And second, they question the authority of the U.S. Government to apply such laws on other territories, which, as I think the executive vice president said, would put them in an adversarial role. When I asked, "Adversarial with whom?" thinking it meant the South African Government, they said—Mr. Vojta said, "No, with the American Government."

I was wondering would you comment on that argument, which is used to defend the corporate position and posture in South Africa?

Mr. SMITH. It is an important argument, Mr. Gray, because, as you said. it isn't just Citibank, but most American companies in the defense of their involvement in South Africa would raise that question. I think the "guest" phrase is an important one. As guests, they don't want to make their hosts hostile to their presence. So one of the things GM and Ford have told us in negotiations is they do not want to antagonize the South African Government by taking the stand of not selling to the police and military. They are afraid the South African Government would then remove the concessions they have for selling trucks to the post office, for instance, and they would lose a great deal of business and be forced to withdraw.

We have commented at the Ford shareholders meetings that we think that is a price too great to pay. What they are telling us contains a very important lesson. When push comes to shove the company is not able to be a force for basic social change.

The six principles are not a threat to the system of apartheid in South Africa. As I said, we must all commend them as an act of decency in the work place. But the principles are not addressed toward dismantling the system; the Government can live with them. In fact, the day after the six principles were released, the South African Government made a statement commending them, saying they were pleased with them. Now, when a company begins to act in a way outside the principles that really exerts pressure on the Government, they put themselves in business jeopardy. That is something most companies are not willing to do. A few will, but most will not.

I think we could use a different word besides guest when we talk about companies in South Africa today. Perhaps we should start talking about prisoners. When General Motors, through a secret contingency plan released several years ago, admitted in that contingency plan that during a time of emergency the South African defense department would take over their plant to run because the auto industry was so strategic in South Africa, they were telling us about, first, how important the auto industry is in the South African Government's eyes, and second, that they were really captives there, not free agents.

Likewise, Mobil Oil is unable to get any information of a vital nature about their oil operations in South Africa from its subsidiary there even though it is a wholly owned subsidiary. When American managers go talk to their people there, their South African manager sits with an attorney by his side, saying "I am awfully sorry, we cannot answer your questions." This is a prisoner situation. Mobil is not a free agent in South Africa.

Those are two important comments to make. As a company talks about its fear of interfering in politics—in South Africa U.S. corporations are enmeshed in politics up to their elbows. If IBM is selling computers to the South African Government and maintaining those computers, that is an act with political implications. Likewise, what could be more political than supplying the police and military through Mobil and Caltex, when the U.S. Commerce Department has advised that if those products had U.S. parts or components in them they would not be allowed to make the sales? That is taking a political stand, surely.

Frankly, Mr. Gray, as we call for companies to disengage from South Africa, we believe we are calling them back to a place of some neutrality, where they are no longer captives and they are no longer enmeshed in politics. Clearly the politics they are enmeshed in requires support for the white status quo. The white minority are their customers. They are their allies in South Africa. That is the Government that gives the rules under which they must do business. To withdraw is to come to a point of neutrality, not to take a political stand.

Mr. GRAY. Mr. Payton, you seem anxious. And after that, I yield back the time so generously given by the distinguished Chair.

Mr. PAYTON. I would like to make a brief comment, if I might. I agree with what has just been said and I think it is the fundamental point to be made here. There are serious, fundamental problems with what happens in South Africa. It is an oppressive government. And the presence of U.S. corporations in South Africa is not neutral. It is a negative factor. They support apartheid. They feed it. They strengthen the economy, which is the guts of apartheid. Therefore their presence there supports the entire system. The Sullivan principles do not address these fundamental problems; they address decent working conditions. As an isolated aspect of whether or not U.S. corporations doing business overseas should be governed by a code of conduct or laws requiring decency in the workplace or equality among their work force and habits and practices that they use to employ people. I don't think there is anyone against that. As a strategy for affecting the fundamental problems in South Africa, it is inadequate, and to do it knowing that it will not affect any of those fundamental problems, I think, is simply misguided.

Mr. SOLARZ. Thank you very much. Mr. Denison, I am a little bit unclear about your position on the progression of steps that you recommend, with respect to South Africa, that we might take in our efforts to encourage the elimination of apartheid. Are you saying that you would be against a prohibition on new American investment in South Africa right now; that you would favor the legislative implementation of a code of conduct presumably like the Sullivan code as soon as possible, but that you would like to give that an opportunity to work for a while before moving to a prohibition on new investment, assuming no significant change has taken place in the interim? Or would you be in favor, if you could get it, of simultaneously mandating the implementation of a code and prohibiting investment?

Mr. DENISON. The AFL-CIO for many years has been on record in favor of no further investments in South Africa. At one time, in fact, the federation made the statement of taking all steps short of war in order to bring about an end to apartheid.

What I was saying earlier was more in the nature of a legislative response, one that we think is a response the Congress is more likely to embrace. It is not necessarily the ideal.

Mr. **Solarz**. Assuming that legislation were introduced prohibiting new American investment in South Africa, would the AFL-CIO support that?

Mr. **Denison**. Sure.

Mr. **Solarz**. Let me see if I can recapitulate where all of you stand. Would you favor the enactment of legislation in this session of Congress prohibiting new American investment in South Africa, Mr. Lockwood?

Mr. **Lockwood**. Yes.

Mr. **Solarz**. Mr. Smith?

Mr. **Smith**. Yes, sir. And I think there would be vigorous support from numerous church groups behind us.

Mr. **Solarz**. Mr. Denison?

Mr. **Denison**. Yes, sir.

Mr. **Solarz**. And Mr. Payton?

Mr. **Payton**. Among the full range of things we suggest, and we would support that.

Mr. **Solarz**. OK. Now let me backtrack a little. Let us assume that a conclusion is reached that the prospects for passage of such legislation, however desirable it may be, are either not very good or nonexistent. In any case, leaving aside the theoretical desirability of withdrawing American investment from South Africa, American investors will remain in South Africa, as a matter of reality, for some time to come. They are unlikely to withdraw voluntarily. Some might, but the bulk would, presumably, remain. And the prospects for the passage of legislation in this session of Congress, or possibly even the next session of Congress, requiring disinvestment or even a prohibition on new investment are not really good. The question then comes up, under those circumstances how would you feel if an effort were made to legislatively mandate a fair employment code of conduct, not as a definitive answer to the problem of apartheid but as a first step toward further action later on as the political situation permitted? If such legislation were introduced would you favor it or would you oppose it? Or would you, in effect, stay neutral by not taking a position? Mr. Lockwood?

Mr. **Lockwood**. As I have said in my testimony, I think there are almost insuperable obstacles to making such a code mandatory in another sovereign state's territory. And I would want to see the conditions under which there could be an enforcement procedure before I would want to say yes or no to that position. I am not against the code per se or against making it mandatory. But I think there are, to my mind, insuperable obstacles involved.

Mr. **Solarz**. Let's assume that mechanisms were built into the bill providing for reporting and independent assessments of compliance which were deemed adequate to do the job. How would you feel then?

Mr. **Lockwood**. I don't think that there can be.

Mr. **Solarz**. Why?

Mr. **Lockwood**. I think the South African Government has a record of denying access to any kind of independent critics. They have denied access to innumerable critics of apartheid, and I would not want to create a sham.

Mr. SOLARZ. Well, if provision could be made in the legislation which would, in effect, put South Africa in the position of either permitting the assessment to be made or putting the company in a position where it had to go out of business; in other words, as a condition for doing business in South Africa, one would require compliance with the code.

Assuming you had a provision like that in the code, what would be your position?

Mr. LOCKWOOD. I think I would be against that, because I think what it does is tie the question of further investment to the adequacy of living up to the Sullivan code, and I don't think, given the fact that you are dealing with a very small percentage of the work force, you are dealing with a situation getting more and more critical, I would rather not see that kind of attempt made.

Mr. SOLARZ. But, in effect, you are saying even if you can enforce it you are still against it.

Mr. LOCKWOOD. I am not persuaded that you could. What you could do is simply say there are no adequate reports, and therefore, there will be no further investment.

Mr. SOLARZ. You could say that without adequate reports a U.S. corporation could not qualify for certain tax benefits, or do business with the U.S. Government. It wouldn't necessarily require them to disinvest from South Africa, although that might be what they would be obligated to do if they were unable to submit the information.

Mr. LOCKWOOD. What I am saying is, I would not want to tie the two things together, because it seems to me if you do that, what you are doing is granting a license to continue operations there, and that I would not want to support.

Mr. SOLARZ. You wouldn't want to tie what to it?

Mr. LOCKWOOD. Compliance with the Sullivan code with a license to continue business.

Mr. SOLARZ. Supposing you tied compliance with the Sullivan code to eligibility for tax benefits, to the ability to compete for Government contracts, to the ability to get Eximbank loans, and a variety of other things? This would not be tying it specifically to investment in South Africa, but to where the carrots and the sticks were sufficiently great so that the companies would have an incentive to comply and if they did not comply they would pay a penalty. It could be fines—you could have a fine of $1 million.

Mr. LOCKWOOD. Are you talking about a worldwide code of labor policy?

Mr. SOLARZ. No; I am talking about implementing a fair employment code of conduct, presumably similar to the Sullivan code, in South Africa.

Mr. LOCKWOOD. As I say, I think the practical difficulties of doing so are insuperable, and I don't see any way that can be done.

Mr. SOLARZ. Mr. Smith?

Mr. SMITH. I think the churches would probably give it lukewarm, unenthusiastic backing. We have said, in the statement signed by a number of church leaders and others which I have supplied for the record, "The Sullivan principle is no cure for apartheid." Essentially it is an aspirin for a brain tumor. It asks the wrong questions of some of the right companies. For instance, IBM would probably get a good mark of approval under the proposal you are suggesting. The stamp of approval to do what? To continue to sell computers to the Government for a variety of purposes. I would continue to argue, even as we gave it lukewarm support, that it was the wrong question and that other legislation should be a companion.

Mr. SOLARZ. It doesn't strike me that that position is at all contradictory or that favoring additional actions is incompatible with support for the Sullivan principles. In a way, I am a bit puzzled by the degree of negativism, because I don't think most serious people suggest that the Sullivan principles are an answer to apartheid. One recognizes that even if they were faithfully implemented it affects only a minute percentage of the total work force. But to the extent that that minute percentage is given a better chance for equal opportunity, presumably, they are better off than would otherwise be the case.

Mr. SMITH. How could you oppose it? Exactly.

Mr. SOLARZ. Why, then, do you not argue that implementing the Sullivan code, from a political point of view, could lay the groundwork for the passage of separate legislation taking a more forceful approach, on the grounds that that had been done and the fundamental structure had not been altered and, therefore, it was clear that the Sullivan code was not the answer and you had to move further to do other things.

Mr. SMITH. That is why I answered the question the way I did. Clearly, you are right. With all the reservations Mr. Lockwood has given about the difficulties of putting it into place, which we all would agree are real, you cannot oppose paying a decent wage and making the workplace a safer, more decent place to work in. You can't oppose taking down the racist signs, and we're all saying that the companies should have moved faster and further.

But my fear, Mr. Solarz, is that if that's where we start, then we're saying this is the issue. There are a lot of companies in this country who are pushing the Sullivan code as the solution to apartheid. If you read corporate statements, there's a lot of hype about the principles being the cutting edge and breaking down the system. We would be implicitly acknowledging that this formula is correct if we only pushed that. If that's going to happen, I would urge a companion piece alongside it and we could perhaps push the two together—decency in the workplace but economic pressure on South Africa simultaneously.

Mr. GRAY. Would the Chairman yield?

Mr. SOLARZ. I yield to Mr. Gray.

Mr. GRAY. I'm not sure that you are aware, I think it was last week, Dr. Sullivan testified before this committee. And I believe in that testimony, although I don't have a copy of it before me, he clearly stated his awareness that the Sullivan principles are in no way to be seen as a cure to the problem of apartheid and racism, but that it would only be a step in a progression of steps. I think that that was given here very clearly.

Mr. **Smith.** You are accurately quoting Dr. Sullivan, but many companies go beyond that and say the fact that they are signatories is a catalyst for social change. I wasn't trying to attribute that to Dr. Sullivan.

Mr. **Gray.** I wanted to make sure the distinction was made.

Mr. **Solarz.** The lion of Zion's views have been faithfully represented by the light of bright.

Mr. Denison?

Mr. **Denison.** I think we would agree somewhat with what Mr. Smith is saying. But for public purposes, we would certainly support two bills being introduced and making it clear that our legislative goal is something much stronger than that. But having worked in the vineyards of trade unionism for many years, I have learned that you don't always win that total and all-consuming contract the first time out. So for that reason, I think we would certainly support legislation that takes that first step. It would be very important in terms of the penalties that were established, the reporting procedure, the ability to go in and make verification, because, as I think we saw today, we had a feeling, at least, that some of the statements made here were made perhaps under some duress in South Africa. But having put those principles into play wherein unions would become recognized, where there would be training programs, where there would be equal pay, we could begin to see the development of a social force in itself, to then move on, as the labor movement in this country has. I'm not in any way trying to equate that the problems they face are not thousands of times more difficult. But it is that first step, and that we would certainly endorse, with the caveat Mr. Smith indicated.

Mr. **Solarz.** Mr. Payton?

Mr. **Payton.** I have three short comments. I agree that South African law may pose insurmountable difficulties in trying to impose effective legislation to make the Sullivan principles mandatory. I also think that if you look at the Sullivan principles and look at South Africa, it will appear that even if they were all mandatory right now or tomorrow that would not effect any significant degree of change in South Africa. And to the extent that you or Congress is willing to say that we are willing to threaten the ultimate sanction in order to back up the Sullivan principles; that is, we will force our corporations doing business there to disinvest if you block the enactment of the Sullivan principles by your positive law, to the extent you are willing to threaten the ultimate sanction, it is the wrong goal. To the extent you are willing to say, "We have a threat here, and it is, we will force our companies to get out," we should then say, "and we are going to use that threat if you don't do X"—and X should not be to enact the Sullivan principles.

Mr. **Solarz.** Why does South African law make the enforcement of the Sullivan principles impossible? As I understand it right now, there is nothing in the Sullivan code which currently constitutes a violation of South African law. All of the businesses operating over there testified to that effect. The South African Government does permit them to file reports under the terms of the Sullivan principles. They even permitted audits to be conducted. One of you I think testified the South African Government even had its agents going around urging the firms to sign up, saying specifically there is no contradiction between the principles and South African law. So in what sense does South African law make it impossible to legislatively mandate the principles, assuming that that was the direction in which the Congress wanted to go?

Mr. PAYTON. It's my understanding that although the companies who testified before you said they had no problems complying, a number of companies who are signatories and some who are not said they felt they might be subjected to sanctions under South African law if they do respond by providing some information.

But I think the really important point here is, even if you presume, if you set all of that aside and you look at how many South African employees are affected by this and what the effect is, if you set it all aside and say, "Let's assume the Sullivan principles are mandatorily enforced and enforced effectively, what is the result in South Africa?" I think the conclusion you can draw right now is that that effect will be negligible on the system of political rights and powers that exist in South Africa.

Mr. SOLARZ. Would it be harmful? It might be negligible, but would it be harmful?

Mr. PAYTON. That is not—the question sounds almost rhetorical. It may, in fact, be harmful. It's true everyone here is in favor of having a decent workplace and nondiscriminatory laws. To the extent that that becomes the sole issue U.S. foreign policy is directed at in effecting a change in South Africa, I think that could have a harmful effect.

Mr. SOLARZ. If the question was rhetorical, in a certain sense so was the answer.

Mr. PAYTON. I understand. If you give a rhetorical question——

Mr. SOLARZ. The point I want to make is, I don't think anyone who would advocate such legislation or its principal sponsors would be making the point you just referred to. It would clearly be portrayed as the first step of what would eventually be a larger, more comprehensive effort to affect the entire apartheid system and the exclusion of blacks from political power in South Africa, rather than as the be-all and end-all of our policy, designed simply to assure equal treatment in the workplace. We are not saying once that is accomplished we are no longer interested in what happens in South Africa.

Mr. PAYTON. I think there is the fear of it being the be-all and end-all because there are a number of people in Congress, a number of companies who do business there, a number of spokespersons, and undoubtedly, the South African Government, who want it to be the be-all and end-all, so it should be the be-all and end-all, and you have that problem of that happening and people wanting to settle back for 10 or 20 years.

Mr. SOLARZ. Right. Let me say to you very candidly that while I am not at all clear on what the impact of any of the suggestions that have been made would be on South Africa—that is a very complex question—I am absolutely convinced that the enactment of such legislation would not lead to the results which you fear. There might be some people who would describe it as such, but there is absolutely no doubt in my mind that even if such legislation were to be adopted that the fundamental antagonism of our government and of the overwhelming majority of those who would vote for such legislation toward the apartheid system in all its manifestations would continue unabated and this would, in fact, be seen as one step among others.

Now, not everyone who would vote for this, if it ever got to a vote, would support the other steps. Many would, but I don't think you will find many people who would support this who would take such a position.

Mr. SMITH. Then is this a strategy decision, Mr. Solarz? You are talking about a first step. Unfortunately, it could be a first step down the wrong road. It seems to me equally plausible to argue a case, with so many U.S. banks already having decided not to lend any more to the South African Government and its agencies until apartheid ends, and with that position being taken by so many unions, universities, State and local agencies, that we could ask the U.S. State Department to call for discouraging any further lending. Such a prohibition does not hurt Citibank in the sense that they need to lend their money to South Africa. Their money can be busy elsewhere.

Mr. SOLARZ. Mr. Payton, at the end of the day I am still not clear what your answer to the original question is. If such legislation were introduced, to implement the Sullivan principles, would you support it, oppose it, or, in effect, remain neutral?

Mr. PAYTON. I think it only comes up in the context of being compared with some other legislation being introduced at the same time.

Mr. SOLARZ. No, no, say a bill is introduced and it is going to be voted before the committee, and people would say what was the position of your organization on this particular bill: Would you be for it or against it, or would you take no position on it?

Mr. PAYTON. I really think it is very hard to respond to that question, because I think it is likely there would be a range of bills to be introduced, and I think that the position that we have taken, and the position I am willing to take right now, is——

Mr. SOLARZ. Let me make it easier for you. Supposing we have a markup session on the bill and somebody offers an amendment to require disinvestment—and you are in favor of that, presumably——

Mr. PAYTON. Right.

Mr. SOLARZ [continuing]. And then someone offers an amendment to prevent new investment and that amendment is defeated, and the only thing left to vote on is the implementation of the Sullivan principles. The other votes have been taken and they went down, the amendments went down, in defeat; and before the vote is taken, somebody wants to know what is the position of your organization.

Mr. PAYTON. I probably would not actively attempt to defeat it; but we would not actively endorse it, either, because we think it is a measure which will not achieve the effects desirable.

Mr. SOLARZ. That is a perfectly respectable position. I just wanted to understand where we were.

Mr. Lockwood, you also testified it would be impossible, in your view, to implement the Sullivan code legislatively because of the obstacles that would be interposed by the South African Government. Given the colloquy which has already taken place about how the firms doing business there have told us it doesn't require them to violate South

African law and the South African Government has not prohibited them from reporting to Reverend Sullivan about their compliance with the code, nor has the South African Government prohibited Arthur Little or the others who have tried to independently audit it from doing so, what is it about South African law and the South African Government that convinces you it would, in fact, be impossible for the State Department, the Commerce Department, the Justice Department, or some agency of Government, from going into South Africa and determining whether the firms are complying with their obligations under the law?

Mr. **Lockwood.** It is conceivable that the South African Government would allow the U.S. Government to put in a team, a continuing inspection team, with powers of subpena, taking testimony and that sort of thing. I would also think that it is conceivable, not against South Africa law, for them to reverse their visa policy so as to permit critics of apartheid such as myself and others to actually go, talk, and see inside South Africa, talk to people who are detained, who are labor leaders, talk to whomever one wanted to, including people in prison, and get the testimony out. Now, it is conceivable. What I am saying is, under the present circumstances I don't see that happening. If it can be shown that that is, in fact, possible to do, then I think one would say it would no longer be an exercise——

Mr. **Solarz.** What you are basically saying is, the South African Government could prevent the implementation of the Sullivan code, but there is nothing in existing South African law today which prohibits it. The Government has the authority to——

Mr. **Lockwood.** They have the de facto authority, and they have exercised that de facto authority.

Mr. **Solarz.** In other areas but not, as I understand it, with respect to the Sullivan code.

Mr. **Lockwood.** No one knows. The fact is, the reports are self-serving documents.

Mr. **Solarz.** But the South African Government has not prohibited any firms from filing.

Mr. **Smith.** That's not quite true, Mr. Solarz. A number of firms have legal counsels in South Africa who have told them that they should not publicize or actually publicly release their Sullivan reports in the United States, that they could fall under an act which makes reporting information back to the parent company illegal. They have not acted against the company, but counsel in South Africa have advised——

Mr. **Solarz.** I understand that. Have some of the firms publicly released their reports?

Mr. **Smith.** Absolutely.

Mr. **Solarz.** Has there been any legal action against them?

Mr. **Smith.** No.

Mr. **Solarz.** So there is the presumption the advice they got from their attorneys in South Africa was faulty or perhaps excessively cautious.

Mr. **Smith.** Yes.

Mr. **Lockwood.** But it's clear the Protection of Business Act retains the total power in the hands of the South African Government as to the release of any business information. Now, as a matter of practice, they may allow certain things to be said, but if it's contrary to their interest, they certainly have the power to restrain it.

Mr. **Solarz.** You have all testified you are in favor of a prohibition on new investment. Given the ongoing negotiations with respect to Namibia, the solution of which is obviously a matter of great importance in terms of the timing of such legislation, assuming somehow or another you could get that through the Congress, would you consider this to be a propitious time for the enactment of such legislation? Would you be concerned that the adoption of the prohibition on new American investment in South Africa at this particular moment, while the Namibia negotiations are still proceeding, might be counterproductive in terms of inducing South Africa to take a tougher position or a less accommodating position with respect to Namibia, thereby possibly derailing the prospects for a Namibian settlement? Would you favor going ahead, nonetheless, at this particular time, even in the context of the continuing Namibian negotiation? We are talking about a situation now in which discussions are ongoing, rather than a situation where it's clear there will not be any agreement. The South Africans say, "We have decided to go the route of an internal settlement."

Mr. **Lockwood.** I think, to the contrary, that it would put some credibility into the situation. The fact of the matter is, the South Africans sensed that the West was unprepared to do anything if they, in fact, did what they are doing, which is, every time the negotiations come close an an agreed solution, South Africa has invented some new objection which develops into 12 other objections and if you solve 11 there's a 12th which develops into another 12. This has been going on now for 4 years, and the fact is that the credibility of the West at this moment in time is very small. I would not want to tie that prohibition on new investment to specific actions to be taken in Namibia, but I would see it in that context, see it in the context of something necessary to do as a statement of toughness. I think the South African Government respects toughness.

Mr. **Solarz.** Your view is, this would enhance the prospects for Namibia?

Mr. **Lockwood.** I think it would. I think it would.

Mr. **Solarz.** Mr. Smith?

Mr. **Smith.** While I haven't reflected on that question very deeply Mr. Solarz, I think it is an important one. I think we have an agenda right now with South Africa we need to pursue and we should not hesitate too much longer.

Also, to turn the answer around. I think there is an increasing constituency in this country who would be willing to support that kind of first step legislation saying no new investment, so the time would be right within the United States.

Mr. **Solarz.** Mr. Denison?

Mr. **Denison.** I will let Mr. O'Farrell respond to that.

Mr. **O'Farrell.** In my judgment, Namibia is the carrot to the South African response with a potential stick. They may someday seriously decide they have to resolve that problem. But whenever things get a little tough, they trot out Namibia and a new solution to the problem.

For the first time, I completely agree with Mr. Lockwood. I think it is time we do something. I wouldn't go as far as they go and say you have to go the whole hog right now of disinvestment. I don't know if we are allowed to raise questions from this side of the table, but if we totally disinvest from South Africa today and sever our diplomatic relations, what is that going to do for resolving the question of apartheid? But the answer to your specific question is yes, we should do something today, and that that would not interfere seriously with the Namibian negotiations.

Mr. **Solarz.** Mr. Payton?

Mr. **Payton.** Just briefly, I do think a total disinvestment would help solve the problem of apartheid. In response to your question, I agree with Mr. Lockwood. I think that we should proceed with an agenda in regard to South Africa. The negotiations regarding Namibia have gone on forever and threaten to go on for years into the future. I don't think we should not do something because of what may occur in the future.

Mr. **Solarz.** I gather you were the only one who testified in favor of disinvestment. Mr. Lockwood testified in favor of a prohibition of new investment.

Are you against disinvestment, Mr. Lockwood? Or were you making a pragmatic recommendation?

Mr. **Lockwood.** I am stating the position of the sponsoring organizations. There are some who would want to go further than that and who would be in favor of divestment. But, for example, UAW is not in favor of divestment, although they would be in favor of no further investment.

Mr. **Solarz.** So the consensus on behalf of whom you have testified is, you favor prohibition on new investment, but when you go beyond that the consensus breaks down and you are not empowered to testify?

Mr. **Lockwood.** That is correct.

Mr. **Smith.** For the record, I did also testify in favor of the withdrawal of U.S. corporations. That's the stated policy of the National Council of Churches and numerous Protestant denominations and Roman Catholic orders.

Mr. **Solarz.** You would favor legislation requiring operating divestment?

Mr. **Smith.** Yes. I have already spoken to the new investment question.

Mr. **Solarz.** Mr. Denison, would you?

Mr. **Denison.** As the final, ultimate step, we would go that far.

Mr. **Solarz.** But not now?

Mr. **Denison.** Correct.

Mr. **Solarz.** Although you would favor a prohibition on new investment now, you would not favor disinvestment now?

Mr. **Denison.** Yes.

Mr. **Solarz.** Let me ask, Mr. Smith and Mr. Payton—I have always been struck by what seemed to be some of the practical problems of disinvestment, and I am not talking now about domestic political problems, let's assume those are somehow surmounted—how do you actually get the investment out? I mean, there are fixed assets there, you cannot pack an automobile factory on a ship and send it back to

Detroit, through the Erie Canal and the Great Lakes. Second, we had testimony, if I recall, 2 years ago which indicated that if we were to require disinvestment the South African Government might respond by requiring that the proceeds from the sale of the investments be reinvested in South African bonds. The South African Government wouldn't let you take it out of the country. And some people pointed out, in a certain sense, that would do more to strengthen the South African Government than the continuation of the existing investment, because it would result in an injection of fungible capital into the treasury of the South African Government. Since if Ford or General Motors had to sell out and let's say, they got—I don't know what the value of their investment is—but say *x* millions of dollars, they then might have to buy South African bonds and the South African Government could then do what it wanted with those funds. How do you deal with these practical problems of disinvestment, Mr. Payton?

Mr. PAYTON. If I could begin, there are some practical problems. You have sketched some; I think there are also additional practical problems. However, I think in the long run there is no question about the impact. I think your problems go to the short run, that is, the requirement that some of the proceeds be put into South African bonds I think is a 5-year problem; after 5 years, I think, they could take them out, perhaps with some penalty, but they can take out the proceeds.

Mr. SOLARZ. Wait. Suppose they are 50-year bonds. Who is to say they are to be 5-year bonds?

Mr. SMITH. That's what it is now.

Mr. SOLARZ. They could be 100-year bonds.

Mr. PAYTON. That's fine. I think in the long run, which is when you get past the initial impact of what has just happened, there is, the fact that someone loses or can't get their money out, the fact that perhaps this gives the South African Government some immediate new capital they can use, although that's not really so clear; it's not clear that some of the capital to buy the American corporations' assets in South Africa won't, in fact, come from South Africa, but domestic capital will then be diverted into this; if that's the case, there will not be any aggregate new capital available because it will simply siphon off domestic capital. Once you get past that short-run initial shock of everyone getting out in a hurry, I think there are clear benefits to that.

One of the problems we have now is, U.S. corporations supply South Africa the basic capital, continuing capital, and considerable high technology which is essential to their economy. Also the fact that they are U.S. corporations supplies the South African economy and South Africa with considerable prestige. Perhaps another word is better. But the fact we are there is well known and publicized. If we are out, that makes a big difference in the world.

Mr. SOLARZ. Have you considered the possibility of prohibiting the transfer of high technology as distinguished from a requirement for disinvestment? In other words, if the major contribution which investment makes to South Africa is in facilitating the flow of high technology, which in the computer and other areas strengthens the South African Government, wouldn't it be politically easier and administratively simpler to prohibit that, rather than to require total disinvestment, which involves a lot of enterprises which are not of a high technology character?

Mr. **Payton.** I had not considered that. I had not considered it because I think the mere fact—it's not simply we supply high technology or technology, it is not simply that that is the problem. It is that we have a massive presence there in various sectors of that economy. It is that we are their No. 1 trading partner. Those are other factors. And the fact that their economy requires considerable growth and we are responsible for a large percentage of that—there are studies that indicate that 30 to 40 percent of the growth in their gross domestic product is attributable to American investment and technology. That is quite a statement. I think you want to be able to eliminate that impact of U.S. corporations and U.S. loans and U.S. investment in South Africa's economy.

Mr. **Solarz.** Would a prohibition on trade with South Africa necessarily require disinvestment?

Mr. **Payton.** I cannot give you a very educated answer to that. I can speculate. I think that a lot of the corporations there, in fact, assemble things requiring parts from all over the place, including the United States. That would have, at least, a very disruptive impact and perhaps would require them to close down because they can't get all of the parts.

Mr. **Solarz.** Would you favor disinvestment but still permit trade between our two countries?

Mr. **Payton.** No.

Mr. **Solarz.** In other words, you think if we disinvest we should also prohibit trade?

Mr. **Payton.** Yes.

Mr. **Solarz.** Do you think it is practical to do this on a unilateral basis? Here you have all of these European countries and Asian countries doing business with South Africa. As you know, there are many African countries who do business with South Africa, some of whom, of course, have economies which are inextricably linked to the South African economy. But many African countries who do business with South Africa have economies not dependent on South Africa's. Should we be the only one?

Mr. **Payton.** As a political matter, as a matter of strategy in this context, it makes a lot of sense for the United States to try to get as many other countries as they can to follow the lead on this. We have proposed that the U.N. Ambassador attempt to get a resolution to this effect, economic sanctions against South Africa. But given the fact that the United States is such a presence in the South African economy and is the leading trading partner with South Africa and is responsible for so much of the vitality of their economy, unilateral action will have an impact. And not only that, if the United States does do something such as a trade ban or disinvestment, that will cause companies in Europe, Japan, and other places to think twice about exactly what they should be doing with regard to South Africa. And if U.S. companies cannot get their investments out when this happens, companies that are asked by the South Africans to come in from Europe to replace some of these things or start up new companies would know that if their country turns around and requires disinvestment they could not get their money out and they would think a long time before they would be willing to make a substantial commitment like that, seeing the risk.

I think it will have quite an impact. It might even have an impact so that the U.S. companies can get their money out if South Africans want to get new money in.

Mr. Solarz. Do you think it's politically practical to get through legislation requiring disinvestment so long as there are many African countries doing business with South Africa?

Mr. Payton. I understand, I have heard this argument quite a bit. I think the African companies doing business with South Africa do so almost involuntarily. I think it is a completely different situation. Certainly a large number of African countries don't, and the African countries which do are still in favor of mandatory sanctions.

Mr. Solarz. That may be true about Mozambique, Botswana, Lesotho, Swaziland, and a few others. It is certainly not true of the Ivory Coast, or Kenya, or Zaire, or a number of other African countries doing business with South Africa. I mean, this is well known, and I don't see how the argument from economic necessity, which makes a lot of sense in a southern African context, could be applied to the central, western, or north African context.

Mr. Payton. I would not apply it. That is not my argument, the one you just made. I think the United States can make some independent judgments about its own foreign policy. It can, of course, look to what other countries say, what other organizations say, what the United Nations says, but I think it can make independent judgments. And I think looking at what is the reality of South Africa today and what is the reality of the U.S. corporate investment in that and contribution to that, we can make a judgment that we should take that action.

Mr. Solarz. All right. One or two final questions. I have someone waiting for me in my office, our new Ambassador to the Sudan, an important African country, and I do want to see him.

Do any of you gentlemen know the precise value of the existing U.S. involvement in South Africa? Have you the latest estimate?

Mr. Lockwood. The direct investment, based on book value, is $1.8 billion. In addition to that, you have to consider what are the indirect investments, through, let's say, ownership in a Canadian company, a British company, a European company, and so on. A U.N. study of that, in 1977, concluded it was roughly $2 billion. I think in addition to that, however, given the inflation rate in this country and the attractiveness of the gold price, there may be a considerable increase in that. In addition to that, there is in excess of $2 billion in loans outstanding.

Mr. Solarz. Do you know the amount of new loans given to South Africa in the last year in which such figures are available?

Mr. Lockwood. The figure I had in my testimony was derived from the World Bank, as I understand it. The figure for 1978 was $565 million as foreign lenders began to return to South Africa; it was $565 million, new bond issues and Euro-currency credit. What we don't know is the extent of American participation in that.

Mr. Solarz. So you don't have the figures for the American loans?

Mr. Lockwood. As I understand it, there is no requirement that the banks disclose that except to the Federal Reserve system.

Mr. **Solarz.** Do any of you know the figures for the new American investment in South Africa for the last year, or if such figures are available; do you have that?

Mr. **Lockwood.** For the last year, in other words, the increase? Roughly $200 million I believe. That's a rough figure.

Mr. **Solarz.** For what year?

Mr. **Lockwood.** I think that is between 1977 and 1978; is it not?

Mr. **Smith.** I don't know what has happened in 1979.

Mr. **Solarz.** I assume we can get that. At this point in the record I would like to include these figures and the trends for American loans and American investment in South Africa each year for the last 5 years, if such figures are available; I would also like to have estimates for each of those years as to the total value of American investment and the total amount of outstanding American loans to South Africa for each year for the last 5 years, so we can get a sense of this in perspective.

To the extent that you can also obtain information indicating the comparable figures for the European countries doing business with South Africa, that would be helpful also.

[Mr. Lockwood subsequently submitted the following information:]

The following figures for direct investment are taken from the publication series Survey of Current Business published by the U.S. Department of Commerce:

U.S. Corporation Direct Investment in South Africa 1974-78

| Year | Amount | Percentage change from previous year | from 1974 as 100 |
|---|---|---|---|
| 1974 | $1.457 billion | | |
| 1975 | 1.582 billion | + 9 % | 109 |
| 1976 | 1.665 billion | + 5 % | 114 |
| 1977 | 1.792 billion | + 8 % | 123 |
| 1978 | 1.994 billion | + 11 % | 137 |

According to figures obtained from the Federal Reserve Board, U.S. bank exposure in South Africa over the last five years is as follows:

| Year | Amount | Percentage change from previous year | from 1975 as 100 |
|---|---|---|---|
| 1975 | $1.206 billion | | |
| 1976 | 2.208 billion | + 83 % | 183 |
| 1977 | 2.278 billion | + 3 % | 186 |
| 1978 | 1.992 billion | - 13 % | 165 |
| 1979 | 1.321 billion | - 34 % | 110 |

In the last year South Africa has taken steps which, taken together, are intended to attract further capital into South Africa.

In early 1979 South Africa introduced the "financial rand." The financial rand originates from a pool of money which has been trapped in South Africa by foreign exchange controls designed to prevent foreign investors from repatriating the proceeds of the sales of their assets in South Africa. After the Sharpeville Massacre in 1960 a discount market developed for these funds but corporations wanting to invest in South Africa had to buy commercial rands at a relatively high rate. The rule change enabled corporations to use financial rands at discounts of up to 40 % to make investments. The Economist reported on March 8th that in the 12 months since the rule change the Reserve Bank of South Africa has approved applications worth over $600 million. U.S. corporations which have taken advantage of this opportunity include General Motors, International Harvester, Union Carbide and Celanese. (See article from Business Week, November 26, 1979, enclosed.)

In April, 1980 the Reserve Bank of South Africa increased its forward dollar discount rate from 2.5 % to 12 % (the rate was later adjusted downward to 9.75 %). The move will have the effect of shifting financing of trade away from South African bank financing and toward foreign sources of credit. It would appear that one purpose is to keep South Africa in the international finance market to a greater extent.

In addition, South Africa has recently announced that it will float a 120 million Deutsch Mark ($68 million) bond issue at a favorable 9 % rate payable in 7 years. The Deutsch Bank of West Germany will act as the manager of this bond issue, which will primarily tap European sources of funds. Both the rate and the maturity are more favorable to South Africa than had been the case in years following Soweto. This will in fact be the first occasion on which South Africa has made an effort to raise money by a foreign bond flotation since 1976.

You also asked for a comparison of figures for investment and loans from the U.S. and from other countries. These figures are not available to the best of our knowledge from official documents on a country-by-country basis. The South African Reserve Bank did, however, furnish the following statistics for regional groupings as of the end of 1978 in its March, 1980 bulletin:

| Total direct investment in South Africa | $11.16 billion |
|---|---|
| EEC countries | 6.9 billion |
| Other European | .9 billion |
| North and South America | 2.65 billion |
| Africa | .35 billion |
| Rest of the world | .23 billion |

Total non-direct investment (includes bank loans, bond issues, and portfolio investment by foreign investors)

| Total | $15.2 billion |
|---|---|
| EEC countries | 7.82 billion |
| Other European | 1.73 billion |

| | |
|---|---|
| North and South America | $3.59 billion |
| Africa | .46 billion |
| Asia | .46 billion |
| International Organizations | .92 billion |

(The amounts stated above are translated from Rand figures at a rate of $1.15 to the Rand.)

According to Bank for International Settlement figures, the total outstanding bank liabilities of South Africa to the world at the end of 1978 were $8 billion. Thus U.S. banks' portion ($1.992 billion) amounted to 25 %. Unfortunately, the Bank's figures for 1979 do not furnish a comparable figure for South Africa. The figures for South Africa, Australia, and New Zealand show a decline of $1 billion, from $14.7 billion in 1978 to $13.7 billion in 1979.

One deduction from the foregoing figures would seen to be that the amount of indirect investment consisting of shares of stock s held by foreigners in South African entities amounts to roughly $7 billion as of the end of 1978. As is indicated by the enclosed Business Week article, foreign buying of gold mining shares is likely to have substantially increased the amount of these foreign portfolio holdings since 1978.

As will be seen from the Economist article of March 8th, 75 % of South Africa's projected investment of close to $30 billion will consist of government projects in the field of energy and telecommunications: $11 billion for thermal and nuclear power; $6.237 billion in oil from coal plants and $4 billion in telephone network expansion. This does not include the amounts to be spent on uranium enrichment plants which remain outside international inspection and safeguards.

It seems very clear from this data that South Africa will continue to need foreign capital to undertake projects of this magnitude irrespective of the benefits derived from the sale of gold during this time of inflationary expectations.

I hope that the foregoing information may round out somewhat the statistical picture I drew in my oral testimony.

Mr. SOLARZ. Well, gentlemen, I want to take this opportunity to thank all of you for your testimony today. I think we have managed to illuminate a number of very important issues which confront the country and the Congress with respect to South Africa. And I believe all of you in your own way have made an extremely valuable contribution to the deliberations of the committee, certainly to the thinking of the chairman.

The hearing is adjourned.

[Whereupon, at 1:15 p.m., the hearing was adjourned.]

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# U.S. POLICY TOWARD SOUTH AFRICA

## Options for United States Toward South Africa

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TUESDAY, JUNE 10, 1980

House of Representatives,
Committee on Foreign Affairs,
Subcommittee on Africa,
*Washington, D.C.*

The subcommittee met at 10:40 a.m. in room 2200, Rayburn House Office Building, Hon. Stephen J. Solarz (chairman of the subcommittee) presiding.

Mr. Solarz. The hearing of the subcommittee will come to order. This is the eighth of a series of hearings which the Subcommittee on Africa has been holding concerning the situation in South Africa.

In our previous hearings we heard testimony from the administration itself on its overall policy toward South Africa and from several witnesses from the private sector who spoke to us about the pace of social and economic reform in South Africa, the Sullivan code, and the role of American corporations in promoting meaningful change in South Africa.

It is possible that we will be holding some additional hearings on South Africa after I return from a study mission to that country during the course of the July recess. I hope, during this mission, to have an opportunity to personally meet with many of the leaders of South Africa, as well as with spokesmen for the black, colored, and Asian peoples of that nation, with students and intellectuals, and with businessmen and journalists. I hope to get a better personal sense of the dynamics and the prospects for change in South Africa and to determine how our own country can best go about promoting a meaningful, peaceful change in the establishment of more equitable power-sharing arrangements in that country.

Today's hearing will concentrate on U.S. policy options toward South Africa. We have with us two very distinguished witnesses from the private sector, both of whom have given a good deal of thought to the situation in South Africa and who hopefully will be able to provide the committee with some useful suggestions about how we can realistically go about facilitating the prospects for peaceful change in South Africa.

I am struck by the extent to which there has been a clear consensus on the part of virtually all of the witnesses who have testified so far about the need for meaningful change in South Africa, although there is obviously a lack of consensus when it comes to how we can best go about promoting change.

So it is really a question of the role our own country can play in bringing about the kind of improvements in South Africa which will give dignity and equal opportunity to all the people of that nation and which will hopefully avoid what might otherwise be a cataclysmic confrontation between the races that could have the most unfortunate consequences, not only for South Africa but for our own country. I hope that our witnesses today will be able to provide us with some useful advice and suggestions.

I would like to ask Chester Crocker, who is the Director for African Studies of the Center for Strategic and International Studies at Georgetown University, to lead off the testimony. It strikes me that it is not inconceivable that if the White House should change hands in January that Mr. Crocker may be back in a more official capacity. So this could conceivably be the last time for the next several years that Mr. Crocker is speaking without obligations to represent a point of view with which he personally may not be fully in agreement.

So, Mr. Crocker, I hope you will tell us the truth, the whole truth and nothing but the truth and give us your candid insights into the situation in South Africa and what we can do to be helpful. Mr. Crocker.

## STATEMENT OF CHESTER A. CROCKER, DIRECTOR OF AFRICAN STUDIES, GEORGETOWN CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Mr. CROCKER. Thank you, Mr. Chairman. I think your opening remarks give my opening remarks more significance than they probably ought to have.

Let me start by giving a brief overview of the way I see the situation as it concerns our policy and what we are able to do to bring constructive influence to bear.

I view the situation in South Africa as one of the most vexing issues in our foreign policy. I feel that only the fringes of our political system have simple answers for that set of dilemmas there, simple answers such as disassociation and disengagement, simple answers such as support for armed struggle, and on the other side of the political spectrum, simple answers such as a need for a political, military alliance with the Republic of South Africa.

The problem is not that simple and these extreme views, in my judgment, distort and misconceive the nature of our interests there.

I would characterize in a nutshell the current climate in South Africa which I have described in my written submission starting on page 6 as consisting of a complex pattern. There is, for the first time in a generation, evidence of a commitment to a process of change. I think there is serious evidence to a commitment to a process of change.

I would go on to say that there is no consensus at this stage within the South African political establishment as to how far that change could go or whether in fact once it starts it can be controlled, and for that reason there is a significant ferment and division within the white establishment in South Africa.

On the black side, there is growing confidence that change is coming through whatever set of tactics and strategies are available but there is also tactical division, for obvious reasons, over how to pursue the goals of change.

An essential premise, I think, that we have to bear in mind is that when change comes it will be primarily shaped by internal forces and internal dynamics. Black bargaining power in South Africa is growing and it would be my forecast that when change comes to South Africa that outsiders will play a rather limited role in it.

Now, what should the ingredients of the United States and Western policy be? In my judgment, they should include pressure; they should include support for the kinds of change we want to see happen; and in both those points we need to have credibility or else neither our pressure nor our support are going to make any difference.

I do not see us ever getting to the point of being in the role that the British recently played in the Zimbabwe struggle. A Lancaster House role is simply not on for the United States or the West in South Africa. Because of the complexity of the process of change, timing and diplomatic skill will be essential. We must permit South Africans to shape their own future and that means, on the one hand, that we do not dictate the shape of the blueprint that will ultimately develop there. It also means that we must dictate that others not dictate that blueprint.

It is often said that the United States has a policy of nothing but rhetoric toward our goal of change in South Africa and I would like to take issue with that statement. It seems to me that over the past 15 years the United States as a government and as a society has placed increasing distance between our two societies in order to indicate our concern about the need for change.

The South African Government has failed miserably in its attempt to obtain a Western political embrace over the past generation. So let us be clear on that.

Second, as I just hinted, I think our society and our social system inherently place some limits on our relationship at this stage in the development of it and therefore to look simply at what the Government does is to misread the problem. Even if our Government were to promise military support to South Africa there is no way our Government could follow through on that commitment.

We have a complex society; we have growing concern at home about South Africa and, therefore, our society itself helps to shape our policy.

Third, I think the claim that we have only a rhetorical policy sort of assumes that there is an alternative of having coercive influence, as though we could somehow say, "Tomorrow you shall do X, Y, or Z." We do not, we in the United States and the West, have directive influence vis-a-vis the South African state.

South Africans have many ways of resisting what you might call coercive efforts to pressure them. But more important, even if there are limits to South African ability to resist pressure, and there are, there are almost no limits to South African capacity to pervert, or distort, or otherwise absorb pressure in directions that we do not want to see.

So the notion that we can somehow wave a wand and achieve our objectives there, I think, is to greatly misread our influence.

In my written testimony starting on page 16, Mr. Chairman, I discuss at some length the nature of U.S. interests in South Africa. I think it would be best not to do more than make a brief reference to that right now.

The point in that discussion that I would like to leave with the committee is that all the interests that we have point to a need for steady change. It is in our interest that change occur. Change is not against American interests. The right kind of change is very much in American interests.

The damage that may occur to American interests over time is not going to occur at the moment when suddenly some new system exists. It is going to occur, if it occurs, in the transition from here to there. So, therefore, that transition is very important.

Finally, I would like to place some emphasis on the question of goals in American policy toward South Africa. I think if there is a weak area in our policy, and some would say there are many weak areas, it is the goals that need the most discussion.

In my own view, our goals should be to encourage steady movement toward a nonracial society in that country, steady movement, in other words, toward a South Africa that we can embrace in every way because it would be in our interest to be able to embrace South Africa in every way, provided it can become a nonracial society.

That is a very broad formulation. Beyond that, if you listen to our officials and to our Congresspersons, you will hear very broad discussions about a goal of having a national convention take place at which black and white and brown will talk to each other about a new future.

We talk about full political participation as well. These are fine as goals. They are apple pie; they are benign wishes, but they do not constitute short-term or intermediate practical goals that we can work toward in our relationship with South Africa.

I would like to outline a few areas of goals that we do need very badly to have.

Our first goal must be to have vis-a-vis South Africa a credible and sustainable policy. That is almost more important than any other because if our policy continues as it has all too often in the past to be one that changes every 4 years, one that has great oscillation back and forth, it simply confirms to all concerned, in black Africa to the north, in South Africa itself, that we are an impotent power, that we have no relevance to the situation there.

So the first goal should be the development of a credible and sustainable policy. What that implies is that that policy must be based on a centrist consensus in our political system. Any attempt to base it on something else is simply not going to work.

A second set of goals concerns the areas that you referred to in your opening remarks, Mr. Chairman, socioeconomic change, attitudinal change, the kind of change that I believe has been brought about in some measure by such efforts as the Sullivan principles.

The point of the Sullivan principles is not that they are going to transform South Africa. Neither the Sullivan principles nor U.S. corporations are going to abolish apartheid, let's be very clear about that, but they have helped to stimulate a certain kind of process in that country which perhaps we can discuss further this morning.

Equally important, socioeconomic change, if it creates the conditions by which and on which blacks in that country can have more decent life chances, can have a greater economic security, we are talking basically about a basis for black bargaining power.

In addition, another goal in this area concerns attitudinal change. Change is going to come when there is greater white flexibility, and I see evidence of that taking place right now. There are ways we can influence the process of developing a greater white flexibility and these are outlined in addition in my testimony.

A third category of goals for change that we should talk about concerns specific policies in South Africa that we would like to see and that we sense are important to change. There are many, many objectionable policies, laws, regulations and practices in that country. There are many targets that one could point to for possible change.

In my view, it is a copout when South Africans come to us and say: "What do you Americans want?" and we say nothing more than "full political participation." There must be some priorities; there must be some areas of the law that we would like to see changed first. It is not good enough to tell black South Africans that we are with them and then say nothing about the process of change.

So what I would like us to do is to address in more detail than we have in our political process some specifics about change and convey some signals in the process. There is a very important reason for that.

Right now I believe the time is perfect for South Africa to send a signal, an important symbolic move of some kind, on one of the major areas outlined in my testimony, whether it is group areas, whether it is citizenship, there are many issues, whether it is the question of a unitary state, is South Africa going to be a unitary state or not, whether it is in the area of security legislation, there are many possibilities.

The time is right because, let's face it, the South African Government and the South African white establishment have used up whatever pool of trust there was between the races over the past 32 years and the time could not be better than right now for a major symbolic gesture that would indicate a commitment to a long-term process of change.

A final point and then I will conclude, I think we have to recognize that if a process of change is underway, as some believe it to be in South Africa, we have to find a way to support that without ending our pressure for further change. This is a very difficult policy dilemma. Assistant Secretary Moose referred to it in his opening remarks, "How do you convey support without reducing pressure and, therefore, leading to more complacency?" In my own view we have to find a way to do both.

In the end, the way we should measure American policy toward South Africa is by the results that it achieves. If we are serious about playing a constructive role we, therefore, have to focus on what our own society can agree on.

Thank you.

[Mr. Crocker's prepared statement follows:]

## PREPARED STATEMENT OF CHESTER A. CROCKER, DIRECTOR OF AFRICAN STUDIES, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, GEORGETOWN UNIVERSITY

Introductory Note. My name is Chester A. Crocker. I am Director of African Studies at Georgetown University's Center for Strategic and International Studies, and I serve concurrently as Associate Professor of International Relations at the University's School of Foreign Service.

I welcome this invitation to address the important subject of U.S. policy toward South Africa. Much of the past fifteen years of my life has been spent in research and analysis of African politics and U.S. African policy. For the past two years, I have devoted particular attention to the problems of Southern Africa. The region is of growing importance in U.S. and Western interests. South Africa is by far the most important state in this region, and the quality of change that occurs there is among the most important issues in U.S. African policy.

### South Africa as a Problem in U.S. Foreign Policy: Interests and Objectives

The problem of how we should relate to the Republic of South Africa is one of the most vexing issues that faces American (and Western) policy-makers. It is destined to remain that way, and possibly become more difficult, for some time to come. Only on the fringes of our political process are simple answers to be found, and these answers are flawed: proposals for total disengagement or dissociation from Pretoria, calls for U.S. support of revolutionary armed struggle, and (at the other extreme) calls for a close political-military relationship with the current white minority government because of its pro-Western, anti-communist stance. U.S. interests in South Africa are far more complex and substantial than these answers suggest. South Africa itself is also more complex than these answers would have us believe. The place to start in considering U.S. policy options is with a brief discussion of the American and Western interests that are at stake in both Southern and South Africa.

Southern African Interests

The American visitor to Southern Africa hears a babble of voices and conflicting assessments adding up to a dissonant chorus. This is especially true within South Africa itself because that society is both more open and fragmented than most African countries. In the new period that has opened up since Zimbabwe's independence, Americans must learn to live with the babble of voices, resisting the specious argument that we face simple choices between black and white Africans, between pro-Western and marxist governments, or between our interests and our principles. In reality, American interests and principles cut across the shifting ideological and color lines of Southern Africa, just as they cut across the divisions within South Africa itself.

In Southern Africa as a whole the climate for Western policy and interests may be more favorable than at any time in the past decade. But the end of the war in Zimbabwe also means the beginning of a new set of challenges. The new Mugabe government remains delicately poised between a range of future policy choices. The promising pragmatism it has signalled in economic, administrative and foreign policy issues has a fragile political basis. Meaningful levels of Western investment and official economic support are one way to strengthen these possibilities. In our approach to regional development in Southern Africa, we in the West are well advised to be as pragmatic as the politically diverse states of the region -- Botswana, Mozambique, South Africa, Zambia and Zimbabwe -- have shown themselves to be. This means that where possible, we should try to build on and strengthen linkages between them on conditions they are prepared to accept. It would be tragic if the U.S. listens to the racially polarizing instincts of more distant Africans and some in the West who want us to promote the "de-linking" of the region's economies and infrastructures along racial lines. It would also, in all likelihood, be futile. These links represent more than a past history of colonial convenience and domination by white-ruled South Africa; they also signify a basis for the survival and future of development of highly vulnerable economies.

There is another sense in which the emergence of an independent Zimbabwe poses new challenges for U.S. policy. If we are to capitalize on this example of Western diplomatic leadership and Western democratic procedures in resolving regional strife, it means sustaining the search for an accommodation in Namibia leading to internationally recognized independence. This will not happen without a high order of Western diplomatic finesse and the development of credibility with all parties to the conflict. At present, neither South Africa nor the SWAPO leadership have much confidence in the abstract concept of "free and fair" elections, and neither yet believes that it must make profound concessions to the other. Significant further progress is unlikely -- especially in view of Mugabe's sweeping victory -- until South Africa gains confidence that it live with a transition process it does not control unilaterally.

This, in turn, will require a strenuous Western effort to demonstrate that the UN is capable of operating as a reasonably impartial body during the transition.

Another example of the need for Western pragmatism based on local realities is found in our relations with various types of African governments in Southern Africa. In order to capitalize on Moscow's current isolation and irrelevance in the region, Washington and our allies should be concentrating capital, talents, and aid on the region as a whole. It would be foolhardy if American policy-makers operated as though the African states consisted of easily distinguished hostiles and friendlies, using Marxist rhetoric as the litmus test. The behavior of Mozambique's government and the new leadership in Salisbury demonstrates an avid interest in Western ties and a highly developed survival instinct that bears almost no relationship to simplistic East-West polarities. Let us build on these foundations.

In sum, Western interests in Southern Africa consist in the search for negotiated transitions to regional conflicts and democratic means for legitimizing political leadership. In such circumstances, it is possible to build on what already exists in those fields that are most scarce in Africa: administrative competence and management skills, technical and entrepreneurial talents, some degree of regional cooperation in such fields as trade, currency convertibility, transport links, mobility of capital and labor, and power development. In the absence of these things, the natural growth of Western economic interest in the region is certain to suffer. Access to markets and investment opportunities could become fragmented. The development of Southern Africa's increasingly important mineral industries would be impeded.

Some will argue that the continuation of regional economic cooperation in Southern Africa is only a device for maintaining South African preponderance or for backing Pretoria's much-vaunted Constellation of States proposal. But this misses the point. South African preponderance does not derive primarily from the regional linkages it maintains with its neighbors, but from its own economic dynamism and technological sophistication. If regional ties are cut, the ironic effect is most likely to be reduced development and stagnant mineral output in neighboring countries. Western dependence on South Africa's own output of key minerals would only increase further. Moreover, South African regional preponderance in economic and military terms simply does not translate into direct political victories for Pretoria, as it has already discovered in the Angolan and Zimbabwean wars. The best interests of the nearby African states and the West are served not by asking them to uproot existing economic structures and regional links but by supporting them with appropriate assistance to build on this inheritance from the past. In the process, they will be enabled to set the most potent possible example to the white and blacks of South Africa itself.

South African Climate

Within South Africa, the climate for Western interests and policy is also changing in ways that present both opportunities and tough challenges. The continent's most dynamic and diversified capitalist economy is showing a capacity to generate resources for sustained growth and change toward a more equitable order in the social and economic fields. Political trends are more complex to evaluate. For the first time in a generation, the obscure politics of Afrikanerdom are producing clear signs of a noteworthy flexibility. Because expectations are being raised, repression continues to be a central feature of the system. The Botha government has committed itself to a moderate reformist process whose ultimate end remains utterly unclear. For the time being Botha's leadership has wide support among white voters, but the Afrikaner political establishment remains divided about the possibility of controlled change that might include limited sharing of power with the African, Coloured and Asian majority. White politics are becoming less tribal and ideological, and more rational. The black response to all this ferment among whites is equally mixed. Many, probably most, blacks would prefer to believe that non-violent change is still possible, but the tangible fruits of white-initiated change remain meagre, and the very concept of unilateral white political reform is increasingly rejected. On the other hand, the black reaction to white changes is inextricably bound up with intra-black political rivalries that make it difficult to gauge the actual state of opinion. Black politics is increasingly fragmented on tactical and leadership issues, but united in the confidence that change is coming through whatever combination of violent and non-violent strategies is available.

This fluidity does not make meaningful peaceful change certain; but it does make it possible to a degree that has not been present for decades. Clearly, it is the Western task to encourage -- in ways that work -- purposeful, evolutionary change toward a non-racial society, without prejudging questions about the "ultimate" blueprint that ought to be resolved by South Africans themselves. In deciding what this means in practice, American policy-makers should be guided by our fundamental principles and a common sense understanding of how foreign policy works. In addition, they must be guided by a clear grasp of U.S. and Western interests, and be prepared to acknowledge that we do, indeed, have interests. Let us start by identifying the principles.

## The Principles of Foreign Policy Toward South Africa

If U.S. history has meaning for South Africa, it is that a multiracial society with guarantees of individual and minority rights is possible and can work. As a democracy, the U.S. cannot endorse situations or constitutions that are racist in purpose or effect. Nor can we endorse the abuse of Western norms by people dedicated to violent means for either retaining or seizing power. The Western "side" in South Africa is the one that is most clearly dedicated to the rule of law in an open, pluralistic system. Our role, therefore, is to support and recognize progress that occurs and maintain pressure for continued movement toward these objectives -- not to expect instant miracles or to bless as sufficient mere half-way measures that would only postpone future conflict. Given the nature of the current South African political system, pressure is a key ingredient in American policy; the credibility of that pressure must be maintained if we are not to send misleading signals to South Africans. By the same token, given the ferment and change within the country, pressure is unlikely to be constructive unless it is accompanied by clear Western readiness to support positive steps; and the credibility of that support is as important as the credibility of the pressures applied. South African decision-makers and other leaders are unlikely to be influenced by foreigners who know how to oppose things but not how to back effectively the things they like.

In addition to these guiding principles, future American policy toward South Africa must rest on a greater measure of diplomatic skill and common sense than it has ever possessed in the past. The problem of fostering non-violent (or relatively non-violent) change is complex; as the bargaining positions of the white and black communities become more equalized over time, the distinction between basic change and uncontrolled upheaval may become narrower, posing additional challenges to Western policy. The level of American involvement in South Africa's internal evolution should be governed by the degree of responsibility we as a society are prepared to accept for events and processes we may help to set in motion. Thus, before we rush to draw parallels between the recent change in Zimbabwe and possible future change in South Africa, it would be wise to recall that the Zimbabwe transition occured only because of Britain's existence as a nominal colonial power and an acceptable mediator and only because Britain was prepared to run the substantial risk of running the country temporarily. It is difficult to see how any outside power or coalition will acquire the legitimacy to undertake a comparable degree of "intervention" in the sovereign state of South Africa. Any future American "intervention" in the South African problem should be based on a careful assessment of how much responsibility we really want to have.

There is also the question of timing. It sometimes appears as though history has accelerated more rapidly than South Africa's capacity to keep pace. In the first place, there is a tendency among the whites of Southern Africa to make concessions to previous African demands, while ignoring or misunderstanding the current ones. But this is basically a reflection of the fact that white and black disagree about their relative power positions. The deeper problem lies in the relationship between our Western timetables and those of the local actors in South Africa. The local possibilities and expectations concerning change are simply not synchronized with our attitudes and expectations in the West, and this reflects basic differences in our respective historical experiences. Relative to public opinion in a place like London or Washington, South African attitudes and norms are those of a peripheral society, and this statement is as true for blacks as for whites -- which is why the often forecast "revolution" has not happened. At times, Western timing can shift gears so rapidly that it loses all contact with realities on the periphery: one might recall, for example, that a mere six years before it declared Rhodesia to be an international outlaw London was supplying the Rhodesian armed forces with several squadrons of its front-line combat aircraft. Attitudinal changes of this order are a virtual guarantee of future policy failures in dealing with South Africa. Among the peverse consequences of this lack of synchronization between Western and South African clocks could be a tendency in the West to legitimize prematurely black political movements that may not have earned such legitimacy in their own country. U.S. policy will need to develop a greater appreciation of internal South African dynamics in order to maximize the impact of our actions. Since influence is always finite in foreign policy, timing is the key.

Another dilemma we face is how to assure that South Africans are permitted to build their own future. Most observers would agree that this is their right, yet an absence of real movement could guarantee that the conflict over change becomes progressively more international. One way to deal with this question is for Western policy-makers to keep insisting, as they do now, that they are not pushing any specific constitutional blueprint for a non-racial future. Do we really care, after all, whether the ultimate result is a unitary, federal, confederal or even a partitioned South Africa -- provided the result appears to be acceptable (and therefore durable) to the majorities that must live with it and provided that it is not unilaterally imposed? Another way to foster ultimate self-determination by South Africans themselves is for the West to stand firmly against the principle of introducing external combat forces into the region. This is a complex task since the U.S. has no direct control over events that could prompt Moscow and its allies to consider such intervention. Nonetheless, in view of the importance of Western interests in Southern Africa -- including the importance of democratic change in South Africa -- the West must maintain and if necessary use its power to veto non-African intervention.

Clearly, it is not going to be possible to do these things without the cooperation of our allies, a measure of good luck, and some degree of communication and mutual understanding with South Africans of all races. U.S. influence over the situation is not directive. The sources of effective Western pressures and incentives that are the basis of influence are severely limited. It is of great importance that these limited tools of influence -- which are addressed in more detail below -- not be wasted in largely symbolic gestures triggered by transient events (e.g., sporadic violence) in South Africa or by fluctuating domestic moods in the West. Since we are a democracy, it is inevitable that U.S. South African policy will be affected in some measure by domestic reactions to developments there. But if the Executive Branch and Congress permit domestic perceptions, rather than South African dynamics, to become the dominant influence on policy, they will be assuring the irrelevance of the U.S. in Southern Africa.

It is sometimes argued that Western policies toward Pretoria consist largely of postures and rhetoric aimed at mollifying domestic and African critics. The claim is specious on several counts. First, it ignores the substantial evolution that has already taken place in Western policies in the years since the 1963 voluntary arms embargo. The trend toward pressures (and implicit incentives) for constructive change is unmistakeable during this period. While the Western nations remain engaged and involved in the South African economy and society, they have generally placed distance between themselves and South Africa's overriding diplomatic-strategic aim of obtaining a Western embrace. The National Party government has failed miserably over the past decade and one half in its drive to acquire Western military support, Western backing for the maintenance of minority control in neighboring countries, or Western approval of a "business as usual" relationship with the Republic despite its internal policies. The designers of apartheid have failed to sell it to any but their own constituents. Our rebuff accounts in significant measure for the rethinking process now under way among the white leadership and electorate.

Second, the claim that U.S. policy is merely empty rhetoric ignores the very nature of our foreign policy processes. U.S. policy does not consist exclusively of the formal, declaratory actions of the Executive Branch. It comprises such diverse elements as : (1) the limits imposed by public opinion, (2) the signals that are sent by what U.S. officials do not say or do as well as the positive actions they take, (3) the effects on South Africa, whether intended or not, of U.S. policies toward other problems and regions, and (4) the steps taken by the many non-government groups in our plural society including the business community. More specifically, white South African officials are well aware that even if Washington publicly promised military support of Pretoria to meet its internal challenges, there is no way that any U.S. Administration could meet this commitment. South Africa is virtually alone in the face of any foreseeable security threats (barring, perhaps, large-scale combat intervention by communist forces). This knowledge is a more potent source of U.S. "influence" over Pretoria than any number of corporate codes of conduct, investment sanctions, oil embargoes or integrated Fourth of July parties at the U.S. Embassy there. The global performance of U.S. diplomacy in the period since Angola and the fall of South Vietnam underscores the message that South Africa's whites must come to grips with the majority in their own country.

By the same token the U.S. and Western private sectors have sent important messages to Pretoria. They are not prepared to curtail trade for political reasons or to write South Africa off as a place for continued or expanded investment. But they will apply to South Africa (by law for EEC-based firms, voluntarily for U.S. firms) a special concept of corporate responsibility that is designed to respond to the special circumstances of legally-sanctioned or informal racism in that society. Continued economic engagement is now conditional. Western firms also apply to the Republic the criteria of political and economic risk they utilize worldwide -- and this in itself is a potent message that time is running out. The continued engagement of Western businesses in South Africa is literally dependent on that country's moving to get its act together as a political society. Foreign businessmen are keenly attuned to the climate in which they must operate, and are unlikely in the extreme to retain their South African operations beyond the point that relatively non-violent change appears to have become impossible. This "influence" is reinforced by home country political pressures for a special caliber of corporate citizenship there. Relative to the corporate confidence factor, Western official actions are often a blunt and unwieldy tool of influence.

The third reason for dismissing the claim that U.S. policy is mere rhetoric is that it contains a false implicit premise. It suggests that Western officials could, if they so desired, twist South African arms to the point that they would develop coercive influence over Pretoria in order to force constructive change to occur. At a time when our powerful nation is utterly unable to force a medium-size Middle Eastern country to release 50 diplomatic hostages from their illegal imprisonment, it should hardly be necessary to point out that Washington has nothing approaching coercive influence over South Africa. There are many things that we can do to Pretoria and to our relationship with it. We may, hopefully, be able to persuade it to decolonize Namibia on terms that are internationally acceptable. We might succeed, if we tried, in slowing down its economic growth rate by curtailing trade or investment. At the extreme, we could perhaps wreak major damage on that economy (and, in the process, on our own economic interests) through comprehensive sanctions backed by naval power -- assuming that allied support could be obtained. This might even spark a sustained uprising inside the country and produce a drastic decline in white living standards and a substantial outflow of white emigrants. We could also do more positive things by publicly backing specific kinds of policy change (using diplomatic and financial inducements), or by making it our purpose to build and foster new kinds of institutions and procedures for interracial communication and bargaining.

But the U.S., with or without its allies, cannot force South African officials to adopt our preferences and move at our speed. Their capacity to resist outside leverage is finite, but their ability to pervert our purposes and produce unintended or unforeseen consequences is not. In addition, the dismantling of apartheid and the creation of a new, non-racial order is no simple matter. It is not a question of revising a constitution or holding a national convention. The change that must come to South Africa will require hundreds of decisions, small and large, drawn out negotiations with various parties and agendas, and quite probably a combination of violence and politics and of reform plus repressive controls. Foreigners will not control this process unless the entire socio-political fabric breaks down and gives way to open military struggle. In sum, there are limits to what can be achieved in foreign policy -- limits we Americans must learn to accept -- because we are dealing with an activity unlike open warfare, an old-fashioned crusade or a professional football scrimmage. Let us not, then, measure current U.S. policies against a fictional standard of performance that is beyond our reach.

## U.S. Interests in South Africa

The American interests that should be advanced by our policies toward South Africa can now be quickly summarized. Politically, it is in our interest that there be steady and relatively orderly movement toward a non-racial South Africa with which it is possible to pursue a full and normal relationship. This is an important country by any standard and a very important country by African standards. We cannot now embrace South Africa and pursue the full range of our interests there, but this is the eventual goal. Steady and orderly change is in our best interest because of the multiracial character of our own society and the diversity of our worldwide and African concerns. We do not want South Africa's divisions and conflicts to stir up polarization in our own society, a development that could only serve to paralyze foreign policy. We also should favor such change because it is consistent with U.S. principles and commitments to human rights and human decency, and it is the only way to avoid a major human tragedy in South Africa. Third, other American interests will inevitably suffer if such change fails to occur.

In military and strategic terms, the U.S. also has important interests at stake, but these must be defined with some degree of precision. The Cape Route linking the South Atlantic and Indian Oceans is a conduit for the majority of Western imports of petroleum products and non-fuel minerals. At present, it is not vulnerable to imminent disruption in any credibly foreseeable peacetime scenario. In fact, in peacetime, the potential threat to Western oil and mineral supplies is greater on land than at sea. But there are two worrisome contingencies, and they are important ones. First, at a time of general war or even limited conflict that could break out elsewhere, these supplies remain vital. It is clearly more than a mere convenience that South Africa's excellent port and air facilities not be in the hands of a potential adversary (or be made available to such an adversary) at such a time. The Soviet Union is unlikely to start a war by disrupting Western shipping in the Southern oceans -- because this is what such action would lead to. But it would have enormous advantages once war occured if political forces hostile to the West were in control of South Africa. This concern is applicable both to a wartime scenario in Europe and to a large-scale Middle East conflict in which the Western nations became involved. Second, for the same reasons, it is clearly not in the U.S. interest that change in South Africa lead toward a government that was dependent for its existence and survival on Soviet military power (as in Angola). This is a possibility that must be faced if change in South Africa degenerates into large-scale destruction and revolutionary violence. In such a scenario, the very presence of Soviet forces at Africa's sensitive southern tip would constitute a powerful basis for the political intimidation of the Western nations during conditions of tension and crisis. This is all the more true since maritime leverage would be supported by control over critical mineral exports from South Africa itself.

These military interests, it must be emphasized, do not argue for a U.S. or Western embrace of white-ruled South Africa; nor do they mean that Washington should be opposed to African majority rule in a unitary South African state. But they do imply a strong pre-emptive interest in forestalling a Soviet combat presence in Southern Africa, and they reinforce the political reasons for the West to oppose the militarization of political change in South Africa. They probably also suggest

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that the U.S. and its allies should be prepared at all times, through periodic naval presence and the maintenance of worldwide naval parity, to demonstrate a Western concern over the security of maritime links that are vital.

In addition, the U.S. has a broader concern for the way major powers behave in regions of tension or conflict. It is not in our interest that the use of military force become established as the principal means for effecting political change -- in Southern Africa or anywhere else. This region is not a Western sphere of influence in any formal sense; but it is far more important to the West than it is to the Soviets and their allies (except as a source of anti-Western pressure). There can be no presumptive communist right to create political facts and fait accomplis by the use of superior military power there.

U.S. and Western economic interests in South Africa fall into three basic categories. Perhaps 10 percent of UK overseas direct investment is located in the Republic. In the case of the U.S., the figure is a mere 1.2 percent, and most major U.S. investors derive a comparably small percentage of their turnover and profit from South Africa. (If the figures for U.S. loans and portfolio investment were added, the totals increase sharply, but in percentage terms the U.S. investment stake is still modest.) However, these figures need to be placed in an African context. South Africa today accounts for about 50 percent of all U.S. investment in sub-Saharan Africa (38% for all of Africa), and there is evidence to suggest that this share continues to grow. The reasons are not obscure, and there is little to be gained if the Congress and the Executive Branch try to downplay or disregard them.

Cheap labor, though a factor, is not the critical explanation for this heavy concentration of Western investor interest. In fact, the rate of wage increases in South Africa will soon make the term "cheap" inappropriate as a description of South African labor costs relative to those in other developing societies. The real explanation lies in the fact that South Africa possesses one of the best managed economies (in purely economic terms) in the world from the standpoint of the foreign investor. Foreign and local investors tend to be treated equally, and government is increasingly responsive to the private sector -- key factors in investor decision-making. Power and infrastructure are readily available and well-developed. The market, though artificially narrowed by racial and labor policies, is growing toward its fuller potential as black purchasing power rises; even on its own South Africa is an attractive market, and it offers the potential for regional market penetration throughout Southern Africa. A modern and relatively efficient financial and communications system offers additional features that attract outside investors. Most raw materials and most forms of energy are abundant locally. Official racial policies themselves are the primary obstacle to assuring a stabalized and skilled workforce at reasonable wage levels, and these policies appear to be changing in the right direction.

In sum, South Africa is one of Africa's few growth points. U.S. investors like their European counterparts have clear interests in participating is such a market. As the scale of the U.S. trade deficit in Africa continues to grow -- the continent accounted for nearly 50 percent of the worldwide deficit last year -- there are strong incentives to expand sales and profit remittances from South Africa. Although there is a large U.S. trade deficit with South Africa, that country is nonetheless by far our largest market in Africa with the single exception of Egypt (where U.S. aid brings exports to about the same level as to South Africa).

A second category of economic interest is the need to retain and expand U.S. (and Western) access to a reliable supply of imported minerals at reasonable prices. The long-term trend toward severe Western minerals import dependence is well-documented and needs only summary treatment here. The key points to bear in mind are stark and straightforward. U.S., European and Japanese vulnerability to possible supply disruptions, price manipulation, or stagnant exploration and output will get progressively more acute in the next twenty years. Substitution and technological innovation may offer relief as prices of key commodities rise, but only in some cases and with quite long lead-times. In the meantime, Africa as a whole has emerged as the world's most important source of many imported minerals, and a significant source in most others. What gives African mineral reserves their importance for Western interests is the fact that the bulk of output is exported and will continue to be for the long-term future.

South Africa holds a special place among African raw materials exporters. It is by far the dominant producer-exporter of non-oil minerals in Africa and the Third World; only the U.S., the USSR, Canada and Australia outstrip the Republic as minerals producers. Because of its output and export of coal and uranium, diamonds and precious metals, ferro-alloys that are central to Western steel production (manganese, chrome and vanadium), base metals and asbestos it is a fact -- not opinion or propaganda, as is sometimes alleged -- that South Africa is the Saudi Arabia of minerals. There is, furthermore, a regional dimension to South African minerals prominence. Although Namibia and neighboring states such as Botswana, Mozambique, Zimbabwe, Zambia, Zaire, and Angola are also important producers of a few minerals, it is not realistic to view them as alternatives to South Africa. In few if any cases would they be able to take up the slack if, for whatever reason, South African production were to fall sharply or be purposefully curtailed. In the event of serious regional conflict or of Western economic sanctions against Pretoria, one should not assume that nearby black African ores would reach the market and displace South African exports. Should South Africa itself slide into protracted civil conflict sufficient to affect mineral exports, there is no reason to suppose that the neighboring economies and transport and power networks would remain unaffected.

Another dimension of South African mineral prospects is the heavy concentration of exploration and development activity in this country when compared to others in Africa or elsewhere. This is explained in part by the Republic's vast geologic endowment but also by the crucial intangible of confidence, organizational ability and technical skills. Investors facing 8 to 10 year lead-times between initial exploration and full-scale production are cautious. They prefer a predictable climate of public policies and some degree of confidence in basic political stability. Should South Africa turn sour as an investment in the years ahead, this does not mean that money will pour into other potential mineral producing countries.

A third category of economic interest in South Africa is related to that country's potential to serve as a regional engine of development. This is not to say that neighboring African states such as Zimbabwe will be content to play the role of Pretoria's satellites, or that we should urge them to do so. Rather the point is that the Republic offers neighboring Africa things that no other state -- African or external -- can offer as readily or in as substantial a scale: jobs and training in the modern sector, a demand for electric power and port facilities, a source of capital seeking external investment outlets, substantial market potential for raw materials and processed goods, and a source of expertise and a pool of accumulated experience in a wide range of developmental fields. All of this, of course, becomes a mirage or a delusion if meaningful evolutionary change fails to occur in South Africa or if the region becomes engulfed in internationalized strife. But the point for U.S. policy is that the West, also, has much to gain and to lose in the way South Africa relates to its regional context.

What do these substantial economic interests mean for U.S. policy? We should start by making clear what they do not mean. First, they do not present us with a clear-cut choice between short-term interests on the one hand and longer-term interests and principles on the other. The argument that Washington should forego the short-term influence and advantages of existing economic links, and emphasize our long-term future ties to black Africa and a future black-ruled South Africa, rests on specious logic. African governments are not nice or nasty to the U.S. on the basis of our South African policy viewed in isolation, but shape their policies in light of the overall context of our relationship. This is even more true for a future African government of South Africa, if this is what the future holds. Its orientation will be governed not by today's U.S. posture but by its calculation tomorrow of its own best interests. These, in turn, will depend in large measure on how such a government achieves power and on what forms of domestic and foreign support are available at the time. Political leaders are seldom in a position to operate on the basis of gratitude for past "support". More important, the real damage to Western interests in South Africa is unlikely to occur at the moment when blacks achieve effective political power; on the contrary, this moment may be the occasion for a monumental sigh of relief by all concerned parties. The real damage may occur in the process of transition from today to some ultimate "outcome" in South Africa. That transition is unlikely to be quicker or less painful -- to Americans and South Africans -- because we choose to write off our economic interests in advance.

Second, the above review of economic interests does not mean that U.S. policy is, or should be, opposed to basic political change in South Africa. To be sure, there are some in our Western societies who are inclined to view continued white control as the essential precondition for continued enjoyment of our economic interests. But, leaving aside the unacceptable political implications of such a view, it misses the point. There is no long-term basis for the maintenance of the existing pattern of white domination, and basic changes are certain to occur over time. Moreover, these changes do not necessarily spell the end of a capitalist or mixed economy in that country. Nor would they necessarily lead to reduced mineral production or outright political manipulation (perhaps coordinated with Moscow). Most important, basic political change does not require the destruction or dismantling of the existing economy. It all depends on how change occurs and who participates in it.

Thus, the basic implication of Western economic interests in South Africa is to strengthen the case for sustained, evolutionary change. If the process of change breaks down into large-scale revolutionary violence, the damage to Western economic interests will already have been done, regardless of what the post-change government might wish to do in the economic field. On the other hand, if the basic economic structure is able to survive future transitions, it will constitute one of the most important "realities" affecting future economic and political decisions.

## What Steps Should We Be Taking?

As the previous analysis indicates, I do not share the view that we have no South African policy. Steps have been taken to create a level of pressure and distance in the U.S.-South African relationship and also to indicate our hope for a non-violent and non-racial future. Signals have been sent to the various communities in South Africa, and there is evidence that South Africans attach considerable importance to U.S. official and unofficial attitudes. U.S. statements and actions have at times been misread -- intentionally or otherwise. Given the complexity of both our societies, it will be inevitable that we will occasionally misinterpret each other. It is also true that at times it is easier for Washington and Pretoria to scapegoat each other than to work toward real communication.

From the U.S. side, there have been times when Washington sent false or transient signals to South Africa, followed by sudden reversals and wild swings of the pendulum. One thinks, for example, of efforts during the Nixon-Kissinger-Ford period to develop a closer but highly confidential rapport with the South African government while maintaining the public posture of the 1960s. This was followed in 1975-76 by movement toward a tacit working relationship over the Angolan, Rhodesian (as it then was) and Namibian conflicts. Such an effort, conducted as a secret matter, was destined to backfire both at home and in the rest of Africa. We are beyond the stage when American policy-makers can conduct South African policy "in the closet" or rest our regional diplomacy on the notion of plausible deniability.

Miscommunication and wild swings of both rhetoric and action have also characterized the Carter period. After firm assertions that the U.S. would press for progress on Rhodesia, Namibia and South Africa simultaneously -- and not seek to rank these by priority -- the Administration has done the opposite. (There was little choice in any event, but the rhetoric of 1977-78 sent false signals and built up unreal expectations.) After 18 months of verbal stridency and lectures from the American pulpit, U.S. officials began to realize that their stance was counterproductive. President Carter helped the National Party achieve its most massive election victory ever in 1977, but by the Fall of 1978 our relationship with Pretoria had returned to a more rational and measured dialogue. These swings, like earlier ones, have only helped to convince senior political figures that the U.S. is not serious, not a credible leader of the West, and not to be relied upon to act consistently over time. Some South Africans want to believe this anyway; those who don't have often found it hard to make the opposite case within South Africa.

The only thing to be gained by fostering the impression that we are an ephemeral and inconsistent power -- incapable of holding to a coherent line of policy -- is that this may increase the sense of urgency that South Africans feel about building their future. The United States, under this line of reasoning, cannot serve as a *deus ex machina*, so South Africans are on their own. Fortunately, there *is* more to U.S. policy than this. But there ought to be still more substance than there is.

## Goals and Means

It is not possible to answer the question "what steps should be taken?" without first identifying U.S. goals. It appears axiomatic that the broad U.S. goal should be evolutionary change toward a non-racial society with which the U.S. can pursue its varied interests without constraint, guilt or political damage. Our policy must be premised on the notion that we would like to have a full and friendly relationship, but cannot yet do so. Our purposes, therefore, are to move toward a time when we can embrace South Africa as an important regional power, and to minimize the damage to our interests in the process of getting from here to there.

But this only provides an overall sense of direction. The most difficult point is to identify our short-term and intermediate policy goals that could help produce such results. Here, U.S. policy has seldom been either effective or explicit. In some policy circles, there is a fixation with the goal of getting Pretoria to schedule a national convention at which all politically relevant groups would be represented by persons of their own choice to shape a new political blueprint for South Africa. This is a benign wish, but the practical political obstacles are awesome and the prospects at this stage, dim. As a matter of common sense, it is likely that major change will be preceded by lesser forms of change of the kind now occuring. The basic structure of racial legislation, white political control, and the homelands policy will not be dismantled in one dramatic conference -- at least not until key elites have developed a far more extensive basis for mutual respect and awareness, or not unless the situation has first become desperate. Neither of those conditions exist today.

Consequently, it may be little more than wishful rhetoric to hold out the national convention idea as the sum total of our "policy goals" for South Africa. Is the cupboard otherwise bare? At present, it would appear to be. U.S. policy-makers, legislative leaders, and other interested elites are profoundly divided about more specific goals. There is also uncertainty about whether or not it is appropriate for the U.S. to engage in the business of defining the agenda of change for South Africans. But this stance is rapidly becoming a form of escapism. It is true that South Africans must build their own future, but it is also true that the U.S. and other Western nations can probably support and encourage them in doing so. More important, our failure to articulate additional, more specific goals only plays into the hands of those extreme white and black political forces that believe that Western impotence will help their cause. We cannot afford to ignore the fact that some South Africans want us to confirm that we are not a serious external power. We have no reason to gratify them.

Additional policy goals that should be considered fall into four categories: (1) attitudinal change and the opening up of South African social and economic relations; (2) support for specific types of South African official policy change; (3) strengthening political processes and political forces that we perceive to be headed in the right direction; and (4) developing a more coherent Western policy approach to South Africa. Each of these categories could be the subject of a lengthy analysis, but they can be briefly summarized, starting with the last.

Regardless of what U.S. (and Western) policy actually consists of, a strong case can be made that what we need above all is a serious, sustainable and therefore credible policy. As already indicated, this is the only route to effective influence in a country where important interests are exposed. It should be a cardinal principle in policy that what we do and say about South Africa be clearly communicated and understood -- in the U.S. and in South Africa. This is not easy. It requires that the Executive Branch consult closely with all important sectors of public interest and with the major Congressional forces that help shape U.S. foreign policy. Nothing is gained when each new Administration approaches this problem as though the slate were clean and seeks to redefine -- verbally at least -- the very essence of U.S. policy toward South Africa. There is a history. Some parameters have been set. Our experience in Southern African policy clearly shows that the U.S. political process has a way of overturning and modifying policies that do not command wide public support. Erratic swings of policy, redefinitions and shifts under pressure, or the practice of using different rhetoric for different audiences should be minimized.

Likewise, in relations with our European allies, Washington should work where possible for close coordination. Since their relationships with South Africa are in some respects more important than ours, we gain little by saying and doing things that oblige them to reject or ignore our views. If the U.S. is, indeed, to play a role among Western nations on Southern Africa, it must do so with a mixture of responsibility and responsiveness that is the special burden of an alliance leader. To do otherwise is to invite bickering within the alliance and to encourage Pretoria to play tactical games among Western leaders.

The development of a serious and sustainable U.S. policy is inevitably hindered by the lack of knowledge and lack of consensus on the issues in our society. The Executive Branch and Congress cannot "solve" this problem by themselves, but more could be done. To put the point bluntly, it is not in the interests of anyone in the mainstream of our domestic political process that South African policy issues tend to be debated and decided almost exclusively in the backwaters and margins of government institutions and among special interest groups and fringe ideological elements. Washington needs to be able to conduct South African policy from a broader base and to be able to look for support to the major political forces and non-government institutions of our society. At present, U.S. corporations are visibly "exposed" on the South African question because they are present on the ground in South Africa as few other institutions are. The result, all too frequently, is to focus far more attention on the U.S. corporate role than the situation warrants. At the same time, U.S. firms come under cross-cutting pressures and are expected to respond to forces that have no real interest in either (a) the health of our economy and capitalist system or (b) the coherence and credibility of U.S. South African policy. This situation makes it extremely difficult for policy-makers to take their case to the broader public and for corporate leaders to know who they should listen to in the U.S. if they wish to be good corporate citizens in South Africa.

What can be done about the problem of ignorance and lack of a centrist policy consensus? Much of the problem relates to structural factors in both branches of government, and it cannot be resolved in the narrow context of South African policy alone. But both branches could make greater efforts to speak to a broader public -- and listen as well -- than they do now on South African issues. There may also be ways of encouraging a broader spectrum of American institutions and groups to learn about and relate to South Africans in ways that could support policy.

This leads to the first set of goals identified above: attitudinal change in South Africa and the opening up of social and economic relations there. It is not adequate to argue, as some do, that socio-economic change is enough or that political change is unimportant for now. But it is also erroneous to argue that socio-economic change is "cosmetic" or insignificant. Public attitudes about change; dealing with racial hatreds or fears; the lack of inter-racial experience and institutions; the opportunity for blacks to build lives based on decent material conditions and greater material security; equality of access to employment, education and social services; opportunity for blacks to organize legally for common purposes --

all these are vital aspects of the problem of change. Progress in some of these areas has been visible in South Africa for some time, and the current government appears to be committed to a continuing reformist process. It must be an explicit goal of U.S. policy to support this process and press for its acceleration.

The means for doing so, however, often lie beyond the control of the U.S. government itself. The official role should be limited to those things that are best done by government. Diplomatic support and criticism -- in public or private channels as appropriate -- are an obvious example of things that Washington can and should do. It is appropriate, for example, for American officials to make clear that we favor the legalization of black and multiracial trade unions. We can make clear where the current labor law reform process falls short of what is needed to permit these important black institutions to function on a basis of equality with existing unions; and we can also recognize the improvements that are made. Similar official signals can be sent on other socio-economic issues in such areas as training and education, urban reform and self-government, or housing. But in all such fields, the guide to official U.S. actions ought to include a careful assessment of black and white South African opinion and sensitivities. It is necessary to walk a balance between what is politically practicable and acceptable for South Africans, while restraining the tendency to apply U.S. norms as the ultimate test.

Another sphere of official U.S. activity is the field of public opinion, racial attitudes and race relations. Americans who have participated in one way or another in cultural exchange activities with South Africans -- the two-way flow of people, ideas and possibly relevant institutions and procedures -- tend to be impressed by the results. South African attitudes are not set in granite; there is greater openness to (the need for) new ideas today (including American ideas) than ever in the post-war period. Many of the best avenues for obtaining such experience consist of non-government programs, but the official efforts of the State Department and ICA have an important role to play. Contact between our two societies tends to have the effect of encouraging South Africans to understand each other better -- not because we have the answers (which may not always be the case) but because the experience of U.S. society causes South Africans to ask questions about their own. U.S. information programming should have a clearly understood priority: not to woo black opinion to be "friendly" toward the U.S. but to show American examples of how a multiracial society works (however imperfectly) and to foster greater awareness of the American desire to help South Africans come to grips with each other. There may be specific cases where official funds could usefully be allocated to expanded cultural exchange and race relations training activity.

In some cases, the best role for U.S. policy may be to endorse and support non-government initiatives. The Sullivan principles concerning corporate activity in South Africa is the best known case in point. Washington has, so far, endorsed this effort as a voluntary activity led by the Reverend Leon Sullivan and those U.S. corporations that adhere to his evolving code of fair employment practices and its associated monitoring process. Much attention and debate has been focused on the merits of this exercise and on whether the code should be written into law and officially monitored by Washington. On the first point, there is little doubt that this code has had real effects in South Africa, despite the lack of a legal mechanism to monitor adherence by signatory companies or to assure adherence by all U.S. companies. American firms are widely seen in South Africa to be pace-setters in the field of fair employment practices, in large part because of the Sullivan effort. This code has stimulated both European and South African firms to develop their own codes, and it has also played a role in triggering Pretoria's official labor reforms of 1979-80.

Thus, it is ironic that the domestic U.S. debate should focus on whether Sullivan is enough and on whether it should be written into law. On the first point, no serious supporter of the Sullivan effort contends that it alone can reform South Africa. Its goals point toward change in the job market for blacks and toward social and economic reform more broadly conceived -- those fields in which foreign corporations are most directly and appropriately involved. If pursued conscientiously, the Sullivan code and principles represent real achievements by those U.S. firms that are signatories -- far more substantial in the eyes of most knowledgeable observers than the efforts of other foreign firms. But Sullivan is not, and cannot be, the sum total of U.S. policy toward South Africa. To attack signatory companies for voluntarily moving toward a higher standard of corporate citizenship on the grounds that this will not end apartheid is to use a perverse logic.

The debate on whether to make the Sullivan Principles mandatory and officially monitored is more complex. It would assure compliance by all U.S. firms operating in South Africa, instead of just the 140 most important and best behaved ones. It would have the cosmetic "benefit" of showing governmental concern and involvement, and undermine the argument that under Sullivan the companies are just monitoring themselves. On the negative side, there is no basis for believing that a governmental role would lead either to a higher standard of performance or of monitoring. Legislation would add another cumbersome bureaucratic layer, and virtually assure open-ended disputes, delays and lobbying over the terms and conditions of enforcement. One wonders whether the U.S. government in all its complexity would really produce more efficient or more conscientious performance than Reverend Sullivan and those working with him in this field. There is also the question of whether U.S. firms would be more or less able to press their case for socio-economic changes in South Africa if they were acting at the demand of Washington. Pretoria's reaction to this extra-territorial application of domestic U.S. law could set the process back. Moreover, the local credibility of U.S. investors could be negatively affected by the knowledge that they were simply doing what Washington required.

However, the most serious problem with the debate over Sullivan is that it fails to address the real issue: the internal South African credibility of foreign corporate practices and presence. If we Americans are serious about the examples and standards set by U.S. firms, it is the views of South Africans, black and white, that we should be concerned with. The route to effectiveness and credibility lies with an expanded role for South Africans themselves in the writing of guidelines and the monitoring of performance. There is certainly little doubt that black South Africans will continue to have reservations about foreign codes in the absence of effective consultation and participation by them.

Another category of U.S. goals would entail support for specific changes in official South African racial policy or political-constitutional doctrine. There is a wide range of objectionable law, doctrine, and practice in effect in that country. Black South Africans have growing support among concerned whites -- and many in the West -- in pointing to the harsh and ever-present security legislation, influx control policy, the homelands doctrine and the Group Areas Act, the

Mixed Marriages and Immorality Acts, the loss of citizenship in a unitary South Africa by blacks, and the gross inequities in access to educational and training opportunities as among the most abhorrent fruits of white domination. Few black leaders could afford publicly to endorse piecemeal reform, even on such basic issues, before broader principles of political rights and participation had been discussed. But this is not the point. The point is that among all the objectionable features of apartheid, there may be some that would logically go first if an open-ended process of change is to take root. The true friends of South Africa in the West may be those who are prepared to talk now about short and intermediate term goals that are consistent with the ultimate goal of a non-racial society.

Talking about such goals now does not imply either (a) that Washington is siding with the whites and the status quo, or (b) that we would be dictating a blueprint for a new order. Rather, it implies that we are sufficiently concerned to face up to the reality that meaningful change has to start somewhere. It also means that we are sufficiently serious about our interests to want to be constructive. When South African officials and others in the white community ask us "what do you Americans really want?", it is something of a cop-out to speak only in terms of a national convention, abolishing apartheid, or full political participation for the black majority. It tells blacks that we identify with their aspirations, but it tells neither blacks nor whites how we believe it may be possible to move from here to there.

Another reason for being willing to talk about nearer term goals is that it forces us and South Africans to think in terms of priorities that we might share. At present, Western critics and Western governments all too easily fall into the trap of an indiscriminate attack on all aspects of "the system", as though each were equally odious and none more important or more urgent than any other. This plays right into the hands of reactionaries and revolutionaries, and it makes sense only if we are trying to further polarize South Africa's peoples. If the only prescription Washington is prepared to offer is "abolish apartheid", a defiant or even cynical response from Pretoria is utterly predictable. In response to such defiance, Western minds turn to the illusion of coercive economic sanctions, and the circle is complete: our preoccupation with the "ultimate solution" gives us no basis for credibility on the issue of change, while it encourages us to think in terms of policy steps that are just not to be taken seriously. In sum, our refusal to address the practical questions of change weakens the advocates of getting the process started in a serious way and strengthens those whites whose goal is to buy time forever.

More specifically, a willingness to talk about nearer term goals has implications that must be recognized. It does not mean that Washington is going to "buy" changes it wants on an explicit quid pro quo basis, or that we will "force" such changes with threats or outright punishment. Rather, it implies that U.S. officials would convey through appropriate channels their view of how -- with what steps -- a meaningful process of change might start. This would not be a secret signal, but nor would it be issued from a pulpit. Our ideas would be shared as a matter of course with leaders in various communities and sectors, just as we consult with a broad spectrum of South African society today. Once our views on nearer term goals have been communicated, Washington would stand back, having planted the idea, and not seek to intrude itself in any manner as a banker, planner, research agency, or mediator. (This need not, of course, rule out non-governmental American involvement.) To the extent that we observed any reflection of our ideas in subsequent South African behavior or actions, we would say so. There would be no "pay-off" except the obvious achievement of having communicated successfully with the U.S. -- a relatively rare event and one that carries the implication of a continued relationship.

A second implication of this approach is that American policy-makers and others in the policy community would need to do some serious thinking about the sequencing and interrelatedness of change in South Africa. For example, if the black majority will need a stronger footing to participate as equals in the economy, in business and the professions, and in government does it not make sense to place a very high priority on education and training? Many South Africans think so; and yet government spending in these areas continues to fall sharply behind what is required, and the private sector may be unable to fill the gap. Given the accelerated pace of change in Southern Africa and the rapid rise of black expectations about internal change, does it really make sense to call for the scrapping of the country's security laws? A more promising approach might focus on the need to improve conditions and procedures in the penal and legal systems, without expecting now that this embattled state disarm itself. To take a third example, if one wants to address a major issue of principle, it is more meaningful to change laws on inter-racial sex or to declare that South Africa is a unitary state with a common citizenship? These questions are posed in a tentative rather than a definitive way. The very act of doing so underscores their importance.

Some will argue that the approach suggested here constitutes a degree of activism by the U.S. that is beyond our means or beyond the level of consensus we can muster in our dealings with the Republic. It might also be argued in some quarters that American signals of this sort constitute "intervention". If the first is true, it only confirms the extent to which the U.S. is destined to be an observer whose political relevance could decline despite the important interests at stake in South Africa. The answer to the second charge is more basic. Doing nothing except holding to the high moral ground ("full political participation") brings us precious little influence, and it strengthens, ultimately, forces of polarization that do not wish to see a genuine process of evolutionary change get under way. By the same token, to abandon the high moral ground and do nothing else would be a still further abdication of our proper role.

The most basic rationale for backing specific policy changes is that the time is right. After years of slide, there is evidence in U.S. society and politics of a re-emerging wish that our nation stand for something -- and not against itself. In South Africa, as noted, there is a new ferment after a generation of stagnant or retrogressive political ideas; and, economic conditions in the country do offer a possible cushion for greater political imagination and will. However, the window that may exist in South Africa could be relatively narrow when measured in historical terms. After 32 years of Afrikaner nationalist rule, the pool of trust between the races has run almost dry and there is an urgent need to replenish it. The track record of living up to promises by Afrikaner politicians is not particularly good, yet a number of promises have recently been made. Hence, the time for meaningful white South African gestures in now.

A final category of U.S. goals would entail strengthening political processes and political forces that we see to be headed in the right direction. This could be seen as either a parallel track or an alternative to the previous category. It is important to be quite specific about such goals, and about the means used to advance them. It is not a question of instructing U.S. officials to "take sides" between racial, ethnic or political groups. Nor does this set of goals mean that Washington would be backing the government against its internal opponents. The purpose is to support trends and processes that are not dead-ends but appear to be consistent with open-ended and relatively non-violent change. A few examples of such processes that alread exist or that should exist include: the overt and legal organization of black (African, Coloured and Asian) workers in trade unions that form part of a unified industrial relations system; the development of institutions in which blacks and whites of comparable skill/educational level gain experience in dealing with each other's perspectives; the unification of pay scales and conditions of service throughout the society; the opening up of Afrikanerdom into a more diverse range of political orientations; a growth in the status of African and Afrikaner virtues and accomplishments in the cultural milieu; the streamlining of bureaucracy and tighter political control of administrative units into more responsive implementing agents; the purposeful use of press and government-controlled media to puncture fixed images and open new horizons; and, opening up the possibilities (via legal, tax and credit policy shifts) for blacks to organize for common purposes of their choice subject only to the maintenance of internal security.

Even a quick reading of such a list suggests the many kinds of processes that change may entail. Many of these are fields in which the U.S. government has little direct capacity to act; moreover, the attempt would undoubtedly backfire in many instances. Outsiders are obliged to act indirectly, and this raises once again the implications of trying to engineer major change beyond U.S. borders. To reduce these thoughts to their concrete policy consequences, only a few illustrations will be offered. If we believe that the course upon which Prime Minister P.W. Botha apoears to be set will require a significant rupture within the governing party, what are the policy implications? Is there anything we in the West can say or do that might encourage him to take the plunge? What do we do, and when? This would not be the first time that Western policy had an impact on South African white politics, but most of the precedents point toward unintended or unforeseen negative consequences. In this case what is needed is a careful tactical approach that could range from a mere signal or two of symbolic rewards to a skillful disinformation campaign aimed at setting the stage for "test case" of National Party unity.

If such maneuvers are beyond our grasp, we should consider less blatant intervention. The United States possesses probably the widest diversity of media expertise in the world. Much of it is available on the open market, and some of it could have direct relevance to the policy-maker in South Africa who wishes to move his society along at a faster pace. The possibilities are there, but they will not be seized unless three conditions are met: (a) the South African leadership is open to new ideas and non-bureaucratic expertise; (b) someone suggests the idea; and (c) the person suggesting the idea is not seen as the enemy. Only the first of these conditions is present, and the other two require someone like the U.S. to act in certain ways.

This brief discussion only scratches the surface of possibilities for U.S. and Western action, if there is the will to act within the limits of what is possible. The assumption is that the U.S. in interested primarily in the effects of its steps in South Africa. We are entering virgin territory here, and before proceeding further we need to know whether the domestic American conditions make it worthwhile to take the discussion further. That is another topic.

Mr. Solarz. Thank you very much, Mr. Crocker.

Our next witness is someone who has been playing an increasingly important role in helping to contribute to the evolution of American foreign policy toward South Africa in his capacity as executive director of TransAfrica, a relatively new organization on the national scene but one which made an extremely meaningful contribution to the resolution of the question in the Congress over how to handle the problem of Zimbabwe and which has, of course, been deeply concerned about the situation in South Africa.

So I would like now to call on our second witness for today, whom I assume will offer a somewhat different perspective than the one we just heard from Dr. Crocker, on South Africa, Randall Robinson.

## STATEMENT OF RANDALL ROBINSON, EXECUTIVE DIRECTOR, TRANSAFRICA

Mr. Robinson. Thank you, Mr. Chairman, Mrs. Fenwick, Congressman Gray. It is good to be here.

Mr. Chairman, 2 years ago this committee held hearings on U.S. corporate investment in South Africa. At that time the committee was considering legislation that would have regulated U.S. corporate activity in South Africa. On behalf of TransAfrica I testified that this approach was inadequate; that the U.S. corporate involvement in South Africa, far from being neutral, contributed substantially to the economic well being of South Africa's racist apartheid system; that the U.S. corporate involvement in South Africa must be ended.

Rather than repeat those arguments I refer the committee to that previous testimony. This position has been well stated in testimony presented to this committee in the last few weeks, and, as far as I can determine, is unrefuted.

Our policy toward South Africa has been fatally flawed because it has relied almost entirely on appeals to the good intentions of an evil government. The time has long since passed when the United States could rely on gentle persuasion or even diplomatic reprimands in order to affect South Africa.

Any lingering doubts concerning the intentions of the South African Government should have been dispelled by recent statements of a South African official. South Africa's Defense Chief General Malan has stated:

> We are even now committed to a war of low intensity, and a passive posture in the face of the assault must inevitably end in defeat. This total struggle is one we dare not lose, because we will not be given a second chance.

Last November Prime Minister Botha expressed an even more shocking conviction: "I want to warn you finally. I say it again: One man, one vote is out in this country. That is, never."

These telling statements lead us to the conclusion that the time has come for a realistic and honest evaluation of the options for U.S. foreign policy. It is the position of TransAfrica that the most effective option available to the United States is to initiate comprehensive economic sanctions against South Africa and to begin negotiations that will insure that other countries participate in this effort.

TransAfrica proposes the following measures as elements of the comprehensive economic sanctions plan:

One: An embargo on all trade between the United States and South Africa.

Two: A ban on new investment, including loans, guarantees, insurance, and direct investment, by all persons subject to the jurisdiction of the United States.

Three: A ban on the transfer of all funds to or from South Africa, save for exceptional humanitarian purposes, by persons subject to the jurisdiction of the United States.

Four: A mandatory phased withdrawal of all U.S. investment in South Africa.

Five: A ban on air travel by the U.S. air carriers to South Africa and denial of landing rights to South African air carriers.

Six: Termination of all diplomatic, consular, and, to the extent that these are government supported, cultural and athletic relations with South Africa.

TransAfrica urges the Congress immediately to pass a sense of the Congress resolution urging the President to submit to the United Nations Security Council a resolution mandating comprehensive economic sanctions against South Africa pursuant to chapter VII of the United Nations Charter.

In the event the Security Council fails to pass the proposed resolution, Congress should urge the President to enter into discussion with our allies to undertake collective voluntary sanction measures. The Congress should enact legislation imposing the comprehensive sanctions outlined above.

This plan of comprehensive sanctions has the unreserved support of the African-American community in the United States, as demonstrated by the unanimous adoption of such a plan in February of this year at the Richmond Conference on the National Black Agenda for the 1980's. Economic sanctions also have the unanimous support of African States and are gaining support throughout the community of nations. They are the only appropriate response to the intensifying and, at this point, inevitable crisis in South Africa.

Proposals for comprehensive sanctions have been met with a number of objections; I will now turn to those concerns.

First, it is frequently argued that economic sanctions are ineffectual if they are not multilateral. Although it would be preferable if the sanctions were multilateral, it is not essential.

By itself the United States has tremendous economic leverage on South Africa. The United States is South Africa's leading trading partner and South Africa's leading lender. The participation of U.S. corporations is essential to the most important sectors of South Africa's economy and crucial to South Africa's quest for energy self-sufficiency.

A more difficult question is whether the United States can unilaterally enforce its sanctions. We believe that it can. While we realize that unilateral efforts raise serious problems of monitoring compliance, in a number of important areas compliance can be effectively enforced and monitored. For example, exports of commodities and technical data from the United States to South Africa can be policed; air transportation between the two countries can be stopped; direct loans and invesment in South Africa can be terminated.

Furthermore, it is important that the United States take a strong leadership role. The leadership of the United States will have a powerful influence on the prospects for achieving multilateral sanctions against South Africa.

South Africa's denial, not only of basic human rights, but of the very humanity of its black populations, has alienated the majority of black South Africans and inflamed many to struggle against racial oppression. By tolerating, and even condoning the South African regime, we involve our country in the catastrophe of a racial conflagration of terrifying proportion. It behooves the United States to extricate itself from the untenable position of appearing to support the current regime.

A second argument frequently posed in opposition to sanctions is that they would harm South Africa's 20 million blacks—causing economic dislocations and consequent unemployment. This argument has little merit. The majority of U.S. corporations doing business in South Africa are capital intensive, or employ a disproportionate number of skilled white workers. U.S. firms provide jobs for only 81,000 South Africans or 1 percent of the total work force of 10 million. Of this number, only 31,000 are Africans, Asians, and coloreds.

Multilateral sanctions would have a more wide-reaching effect and might result in considerable unemployment of blacks. However, predictions of the impact of multilateral sanctions on unemployment in South Africa are speculative; that impact will depend upon how South Africa chooses to structure its economic response to sanctions. Moreover, these short-term consequences, however distressing they might turn out to be, are outweighed by the importance of contributing to the ultimate achievement of real economic progress.

The decision to choose of long-term progress is not difficult when the conditions and terms of employment of blacks are as degrading as they are now. It is a choice which the vast majority of South Africa's black population appears willing to make.

Although any call for withdrawal of foreign investment can be considered a crime under South African law, black South African leadership has advocated such withdrawal of foreign investment. Shortly before his death, Steve Biko, a founder of the South African Black Consciousness movement, said in an interview:

> The argument is often made that the loss of foreign investment will hurt blacks the most. It would undoubtedly hurt blacks in the short run, because many of them stand to lose their jobs. But it should be understood in Europe and North America that foreign investment supports the present economic system of political injustice. If Washington is really interested in contributing to the development of justice in South Africa, it would discourage investment in South Africa. We blacks are perfectly willing to suffer the consequences. We are quite accustomed to suffering.

Another black leader, Bishop Manas Buthelezi, said:

> There is no doubt that if South Africa suffers black people will suffer as well. But we must remember that even when a country goes to war, it does so knowing that some of its citizens are going to die in the process. The same thing applies here. We know that there will be suffering, but we realize that it is by suffering that something better may happen. We don't mind taking the consequences.

A third argument against sanctions has been that they would have adverse economic and national security consequences for the United States. Specifically, it is argued that a total trade embargo against South Africa will deprive the United States of a valuable export market at a time when the United States cannot afford to compromise the economic vitality of its export industries.

We do not argue that the implementation of sanctions against South Africa will be painless. U.S. exports to South Africa in 1978 amounted to $1.1 billion. Although this constituted less than one-half of 1 percent of the overall export trade of the United States for that year, we acknowledge that a trade embargo will adversely affect some U.S. firms.

However, the South African operations of most U.S. corporations are a very small percentage of their business.

The impact of the proposed sanctions on the U.S. balance of payments will be positive. In 1978, U.S. imports from South Africa totaled $2.3 billion, creating a staggering $1.3 billion deficit. More important, the trend over the period 1974 through 1978 shows a progressive deterioration in the U.S. balance of trade with South Africa.[1]

Furthermore, sanctions need not compromise the national security of the United States. Any dependence of the United States on South African supply of certain strategic minerals is—as in the case of our dependence on oil imports—a dependence of our own making.

I am confident that we can find other sources of most of these minerals or develop substitutes for these minerals, or employ effective conservation measures in order to lessen, if not eliminate, such dependence. There is in fact no more pathetic condition than for our Nation to be a pitful helpless giant prevented from opposing a government whose principles and interests are antithetical to our own because of an undue reliance on the products of that government.

Furthermore, majority rule is coming to South Africa, and our long-range security interests lie in preserving our access to vital resources.

The final argument invoked against the imposition of sanctions against South Africa is that the sanctions may give rise to recriminations against U.S. firms presently doing business in that country. The retaliatory measures which could be employed by South Africa include, among other things, a freeze of U.S. assets in South Africa, a prohibition against the repatriation of moneys by U.S. firms, the expropriation of properties, and default on commercial and Eximbank guaranteed loans.

However, we believe that the risk of exposure to these or similar actions by the South African Government, while obviously present, is mitigated by the interrelationships and disciplines of international commercial intercourse. South Africa cannot, without running a grave risk to its credit worthiness and investment climate, disregard its international financial and commercial obligations.

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[1] The trade figures indicate that in 1974 the United States exported $1.160 billion worth of goods to South Africa and imported $0.653 billion, for a trade surplus of $0.507 billion. In 1975, the figures were $1.302 billion, $0.881 billion and $0.421 billion, respectively. In 1976, the figures were $1,348 billion, $0.976 billion, and $0.372 billion, respectively. In 1977, the United States sustained its first net trade deficit with South Africa of $0.286 billion, exporting $1.054 billion and importing $1.340 billion.

In considering the imposition of sanctions against South Africa, we must anticipate that there may be some costs as a result of our actions. And we must be willing to bear the burden of those costs, because the cost of continued intercourse with South Africa is greater.

There are some who will say that sanctions are undesirable because they will help to precipitate a crisis in South Africa. That position denies reality. There is already a crisis in South Africa. It is a crisis intensifying every day as we hear of new demonstrations, new deaths, new beatings, new bannings, new opposition.

Only 2 weeks ago the South African Government arrested 53 church leaders, including the well-known moderate Bishop Desmond Tutu. Last week, the tide of violent resistance to the regime surged as multiple bombings hit South Africa's sasol plants. Harsh government reaction is certain to follow, fueling the crisis cycle of repression and resistance and repression.

In conclusion, I suggest to you, Mr. Chairman, that we have fewer options available to us than might first appear. Indeed, we do not so much have "options" as we have a fundamental choice to make: between economic partnership with an unconscionable regime and a policy of applying the maximum possible nonviolent pressure on that regime.

Our choice is so narrowly drawn because the South African regime has foreclosed, in a calculated and public manner, the hope of international persuasion. South Africa has stated its objectives with brutal honesty; it is time that we responded with equal directness and purpose.

Thank you.

Mr. **Solarz**. Thank you very much much, Mr. Robinson. I think both of you have posed questions confronting the committee and Congress and the country with some real clarity. You have helped frame the various considerations which we will have to deliberate upon in determining how best to proceed.

Mr. Crocker, you said in your testimony that you felt our policy should be credible and sustainable if it was going to be effective and by implication you suggested that it had not been credible and certainly not sustainable. In what specific sense do you believe our foreign policy toward South Africa has not been credible and consistent? Because I think there are people who would argue that it has consistently suffered from a kind of benign neglect or, at most, a repeated rhetorical reaffirmation to our opposition to apartheid and not much more. So I am interested in what specific sense you feel we have oscillated back and forth and have not been consistent.

Mr. **Crocker**. I think there are a number of examples I would point to. In the testimony that I prepared for the committee I made reference to two particular historic periods, one of which was in the latter years of the Ford-Kissinger era in which an effort was made to develop, let's face it, a working relationship, an off-the-record working relationship, with Pretoria on the Angola and Rhodesia questions.

Mr. **Solarz**. The so-called "tar baby" option?

Mr. **Crocker**. I am talking about the latter years of that period, though, 1975, 1976. When our society proved that it would not support that kind of a policy, at least the Congress proved it, we had to oscillate back to in effect leaving South Africa hanging and swinging slowly in Angola, a lesson from which I think it has drawn a good number of conclusions.

Mr. **Solarz.** Are you suggesting that since 1977 there have been inconsistencies in our policy? I mean, granted that there was a change between the latter years of the Nixon and Ford administrations and the Carter administration, but within the time period that President Carter has been in office, do you see changes there?

Mr. **Crocker.** I am suggesting oscillations within both the Ford administration and the Carter administration. By the end of the Ford administration it was evident that we could not, as a country, continue down the road that had been established by Secretary Kissinger. So there was an oscillation right there in that period of 1½ years.

In the Carter period there certainly have been changes. You have seen an opening line in 1977 that suggested a very stern, almost, how would I put it, a preaching tone, toward South Africa that suggested American pressure of a very significant kind to force change simultaneously in Zimbabwe, in Namibia and in South Africa.

Let's face it, that has not happened. That policy has in fact been changed because it is not a doable policy. It simply was not practical so they had to face up to fact. By the latter part of 1978, it seems to me, the Carter administration policy toward South Africa was different.

Mr. **Solarz.** What do you think our policy should be at this point? Do you think it should be in effect a policy of benign neglect?

Mr. **Crocker.** I think the case I have outlined in my testimony is a case for a kind of activism toward South Africa which neither of the extreme polls in our political spectrum have ever looked at.

How do you practically support a policy of change? How do you practically influence a government to change? And that is what I am calling for; it is a very activist policy.

Mr. **Solarz.** Could you elaborate on how you would translate that policy of activism into reality in terms of the specific measures and proposals that you would recommend?

Mr. **Crocker.** One area that I suggest is that the time might have come, and this is an area that would have to be handled by the Executive branch, I presume, primarily, to tell the South African government in blunt terms that we expect to see from them a signal of their long-term commitment to the process of change that has been set in motion since Prime Minister Botha came to office.

Mr. **Solarz.** You would give them options, you could choose the pass laws or the Group Areas Act or various other objectionable features of South African policy, for change as an indication of the seriousness of their determination to move in directions that we consider compatible with a better American-South African relationship?

Mr. **Crocker.** It seems to me it is not up to us to dictate what should be done but it is up to us to say:

> Look, you come to us, South Africans, and say you would like to be friends. As a friend we are telling you that the time has come to do something that will really make it clear what you are up to.

Mr. **Solarz.** Supposing we do that and it turns out that we do not get a particularly encouraging response. Suppose they reply by saying they have carefully considered our suggestions and find them wanting and not relevant to the South African context and that in any case their policy is determined in Pretoria and not in Washington? What would you recommend we do at that point? After the most persuasive efforts possible to encourage them to move in the direction you think they should move, what happens if nothing happens?

Mr. CROCKER. In the first place, you are stacking the deck by making that as the assumption of what would happen, but obviously there is a possibility that would happen. I would stick to my line, that it seems to me that we do have pressures on South Africa, that we would want to retain some constraints on our policy. I am not suggesting a relaxation of pressure.

Mr. SOLARZ. We face this problem not only in South Africa but elsewhere in the world. We face it now, in a different sense, in South Korea. We are obviously unhappy with what has happened in South Korea and we told them, I imagine, that we think they ought to continue with progress toward a form of constitutional democracy.

We often find out that countries are indifferent to our advice. So what do we do at the point at which they consider our arguments and indicate that they are not about to move in the direction we want them to move?

Mr. CROCKER. I think we have to stick to our guns and keep on making the point as clearly as we can. I would suggest to you that if the message of that kind of pressure came from a broad spectrum of opinion in this country it would be taken a lot more seriously.

I would also suggest that if we try and back up that sort of a signal by saying, "If you don't watch out, we are going to make the Sullivan principles mandatory," the result would be laughter. That is probably true for most of the items on any kind of a spectrum of economic pressure we might have.

Mr. SOLARZ. As you look at South Africa, what kind of timeframe do you have in your own mind in terms of how long it will take for a widespread insurgency to develop in the country in the absence of meaningful socioeconomic and political change? Do you think that that is likely to happen in the next few years? Do you think it is a distant possibility?

In other words, how close is South Africa to really a sort of cataclysmic confrontation in the absence of real change? Do you think they can afford to wait for a prolonged period of time or not?

Mr. CROCKER. I would say they don't have a long period of time, that the current window of opportunity could be shorter than they realize. When the process of violence develops as it will develop, along with change, I see not a clear distinction between negotiated change and violence. There is going to be some of both.

You mentioned large-scale revolutionary warfare. I would argue that the options are more likely to be in the area of urban rioting, of large-scale strikes, perhaps general strikes, of passive resistance efforts and things of this nature, consumer boycotts.

The South African State is weakest in that area. It is not weak when it comes to a conventional campaign or to rural guerrilla warfare. They can handle that sort of thing for a while.

Mr. SOLARZ. Is widespread urban violence and strikes, in your view, months away, years away, or decades away? What kind of timeframe do you put it in, assuming no real movement on the existing problems?

**Mr. Crocker.** In the first place, I think there is movement day-today in some areas that are important, but let's leave that aside. I would assume that South Africa has years rather than months before the kind of situation that you are describing but I would not assume that they have decades.

**Mr. Solarz.** You referred earlier to the Sullivan code. Would you be personally opposed or in favor of some kind of legislation to require American corporations doing business in South Africa to comply with the Sullivan code?

**Mr. Crocker.** As a policy measure, Mr. Chairman, I do not think it would make any difference, in terms of its influence on South Africa, one way or the other. The Sullivan principles are not a coercive instrument and putting them into law is not going to make them a coercive instrument. What it would do is indicate to South Africans that U.S. companies are doing these good things because the U.S. Government tells them to rather than because our society believes it is right.

**Mr. Solarz.** I am in the dark as to what the committee should do. Should we, do you think, report out such legislation or not? It may not have much of an impact on South Africa but it might have an impact on the American firms doing business there and with those people who work for the firms.

Do you think it would be productive or counterproductive for us?

**Mr. Crocker.** I think if anything mildly counterproductive, Mr. Chairman. My main reason for saying that is that my confidence in the ability of the U.S. Government to do more effective monitoring, more effective drawing of guidelines and regulations for improvement on the Sullivan principles, is not greater than my confidence in Reverend Sullivan's ability to do it with those working with him.

**Mr. Solarz.** I do not know if you are familiar with Reverend Sullivan's testimony before the committee but he indicated that a majority of the firms have not signed up. He also said that he was pretty much at the end of his tether in terms of his hopes for enlisting on a voluntary basis the other firms. He did say that he was prepared to give it one last try and perhaps have a conference here in Washington, but the thrust of his testimony was that he wanted help from us in getting the other firms to sign up.

So in light of that, is it your feeling that it would be a mistake for us nonetheless to mandate compliance with the Sullivan code or do you think that would be useful if it turns out that the other firms just will not sign up.

**Mr. Crocker.** I think it would be a mistake because I do not believe in our economy conducting itself by having Congress draw up yet another set of cumbersome, bureaucratic regulations. In fact the companies that are signatories represent the great majority, the overwhelming majority, of the U.S. employers in South Africa, and the Fortune 500 companies, as things stand now.

I believe the very holding of these hearings is serving as a lever to advance Reverend Sullivan's purpose.

**Mr. Solarz.** Why would it be counterproductive?

**Mr. Crocker.** Two reasons. One, I think it would undermine the credibility of the principle's efforts in South Africa because South

Africans, black and white, would see it as, "Well, companies are doing this because they have to by U.S. law."

Mr. SOLARZ. What is wrong with that?

Mr. CROCKER. What is wrong with it is that it implies you are doing it because you have to.

Mr. SOLARZ. One can be for or against this proposition, but think through the implications of what you are saying. I never heard anyone advocating the passage of civil rights legislation in this country say it would be counterproductive because the black people who were previously denied the right to eat in a restaurant or to vote would now say to themselves the only reason they were given the right to vote was because the registrars were legally obligated to let them vote or that the only reason they were able to live where they wanted to live was because if someone refused to sell them a house they would be violating the law.

I mean, it is hard for me to believe that if in fact the benefits which the Sullivan code makes available are given to people that they are going to resent the fact that they were given under legal duress rather than voluntarily.

Mr. CROCKER. It does seem to me that we are saying something that is, in part, to South Africans a moral statement. We are saying, "Look, of all the Western countries we in the United States are the one that have the strongest feelings, and look and hear the evidence."

Now, in fact, if you look at the way the codes are perceived in South Africa, any South African would tell you that the Sullivan code is the one that got the process of work place improvements going, not these EEC codes and the Canadian codes, which are written into law, which are looked at as a writeoff and a joke by many in South Africa. It is the Sullivan code, which is a voluntary code, that is taken seriously.

Mr. SOLARZ. The EEC code is not written into any law, is it?

Mr. CROCKER. It is written into the law of the countries in which the companies are based; yes, it is.

Mr. SOLARZ. The EEC code has been adopted by the Parliament of the Federal Republic of Germany or of France or Belgium or Italy or any of the other countries? That is not my impression.

Mr. CROCKER. International Computers Ltd. of Britain or any other European company is obliged by the law of its home country to submit reports about its affirmative action procedures and policies in South Africa. That is the law.

Mr. SOLARZ. They are obligated to report?

Mr. CROCKER. To report.

Mr. SOLARZ. What happens if they do not follow the guidelines of the EEC code, are there any penalties?

Mr. CROCKER. I believe their names are published. Beyond that it is up to each national government as to what it will do by way of enforcement.

Mr. SOLARZ. Could you submit for the record whatever evidence you have which would indicate that in fact this is a legal obligation, and for which countries it is?

Mr. CROCKER. I would be happy to.

Mr. SOLARZ. That is interesting because I had not heard that before. Let me ask you for the time being one final question. You said in your testimony that fundamentally the future of South Africa would be determined within South Africa itself. I think you expressed the view that we could have only a limited impact on real change in the country. Supposing one accepted that argument. To what extent do you think that our policy toward South Africa should perhaps be guided by the impact which it has not necessarily or exclusively on the prospects for change in South Africa but on the attitude of the indigenous majority in South Africa toward the United States and on the attitude of the rest of Africa toward the United States, particularly when the policies that one might consider are compatible with our fundamental principles?

In other words, if you came to the conclusion that there was not much we could do one way or the other that would significantly alter the prospects for change in South Africa, would it make sense to adopt policies which might not significantly advance the prospects for meaningful change but also might not seriously set them back but would have the effect of identifying us in a more meaningful way with the aspirations of the indigenous majority for their day in the political sun and would clearly improve our political position throughout Africa as a whole? How relevant would that consideration be as a basis for determining our policy toward South Africa?

Mr. **Crocker.** It seems to me that the majority in South Africa which will one day have not only full political participation but perhaps run the Government is not going to make its policy decisions in the year *x*, whatever year it is, on the basis of what we do here today. They are going to make up their policy decisions on the basis of the choices available to them at that time.

I think it is simply a matter of looking at the policies right now by the Government of Mozambique, of Zimbabwe, of Angola, of Algeria, countries where we did not do the things you are suggesting earlier on, and ask yourself, "Who are they looking to for support and for relationships in the world?" I think you have to be more practical than that.

Once they have a government in power they are going to see what their interests are.

Mr. **Solarz.** Let's assume you are right, although I am not sure that I totally accept the argument that our policy toward South Africa today will have no impact whatsoever on the policy of a future South African Government toward us, but let's assume just for the purposes of discussion that you are right, surely our policy toward South Africa today has an impact on the policy of other African countries toward us today. And in that sense how relevant a criteria is that consideration in your view as a basis for determining American policy toward South Africa.

Mr. **Crocker.** I think it is very relevant. I think we already have reflected that relevance in the policy that we have toward South Africa. African countries look to us and they assume that we are probably the most credible party, we and our European allies, in bringing pressure to bear on the South African Government.

I do not think, speaking candidly, that many African Governments expect us to shoot ourselves in the head as the price of bringing pressure on the South African Government.

Mr. **Solarz.** Do you think that our present policy toward Africa is a source of strength for us throughout the rest of Africa or a weakness? In other words, on balance, are our relations with the rest of Africa better today as a result of our policy toward South Africa or worse than in the absence of a more affirmative policy?

Mr. CROCKER. I think this varies widely in which part of Africa you are talking about. There are some countries that take it as the most significant indication of our mutual relationship. There are many others that have other concerns primarily and not our South African policy, but in general African States would like to see us move further toward pressure on South Africa.

Mr. SOLARZ. So you think we could improve our relations with other African countries if we move more in the direction of pressure on South Africa?

Mr. CROCKER. It is conceivable that we would move toward better relations with African countries. But the price, in terms of our South African policy and interest must also be examined.

Mr. SOLARZ. If we have a limited capacity to move things forward in South Africa don't we also, by implication, have a limited capacity to move things backward? In other words, if the kind of affirmative policies that Mr. Robinson recommends which you are opposed to, incremental disinvestment, prohibition on new investment, et cetera, in your view will not do much to help the blacks in South Africa, would you agree that it would not do much to hurt them either?

Mr. CROCKER. Disinvestment would not do much to hurt them. If you are talking about comprehensive sanctions, I think what you are talking about is an act of economic warfare against the country, which would affect everybody there and perhaps quite severely but, and this is the key point, it would not bring about the kind of political system that we want in that country. You cannot predict that.

I feel the same way about economic disengagement such as disinvestment campaigns. We are walking away from a situation on the assumption that it will be better without us than it is with us and yet we do not even know what it will be like.

Mr. SOLARZ. Mr. Robinson, you spoke in your testimony about how we should provide some leadership in enlisting the support of our allies in other countries for sanctions against South Africa. What would be your view of unilateral American sanctions against South Africa if it turned out that the other countries were not willing to go along with us?

In other words, we make the effort and it turns out that the British, the Germans, the French insist on continuing to do business with South Africa. The African countries that are doing business with South Africa say that their economies depend on it and they continue to do business with South Africa. Other African countries maybe pay lipservice but quietly continue the arrangements they already have. Under those circumstances, would you still favor unilateral American sanctions?

Mr. ROBINSON. The question has a lot of parts. In many senses I think it is dangerous to answer because it is so hypothetical. I do not think it has the ring of an honest reality because I think most African countries are ready and willing, including the BLS countries, to support sanctions and to comply to every extent that they can in good faith comply.

I think there is some indication that many of the European countries, largely the five that we are talking about, are prepared to support sanctions.

Mr. **Solarz.** Comprehensive sanctions or selective sanctions?

Mr. **Robinson.** Let's look at that. I had a meeting last week with Wolfgang Roth of the West German Parliament who said that he thought that Germany would be prepared to support sanctions if they were well described and staged and well thought out so that one understood the challenge, the response, and the consequence of the imposition of them at each stage. So that no matter what we are talking about, an air boycott as the first piece of it, or about coming off gold, or about a ban on this or that, we would know at the beginning that it is a challenge made, and a negative response from South Africa would mean South Africa makes the decision to have each stage triggered and further sanctions imposed.

If it is that clearly thought out, that staged, that well packaged, he thought that the West German Parliament would be prepared to buy it.

Mr. **Solarz.** Did he tell you what he thought the British Parliament would think?

Mr. **Robinson.** It is clear to me that it would be more difficult for the British to buy into such a package. I am simply suggesting that the Western community, largely the five, have not in good faith thought through this problem on how they can reduce the impact on Great Britain.

Mr. **Solarz.** Supposing we come up with such a plan pursuant to your recommendations and it is vetoed in the Security Council by Britain or some other country, what then?

Mr. **Robinson.** Then I think the United States has to go ahead in any case.

Let me suggest what I think the alternatives are. First of all, South Africa, is really unique. Sometimes the question is asked, "Why South Africa and not some other detestable government?" South Africa is the only government in the world that has enshrined race in its constitution. It stands alone.

Some 5 years ago the General Assembly voted 120 nations to none to cutoff economic relations with South Africa. The five abstained. So that we are simply talking about focusing on five countries.

The world has identified South Africa as the subject for this kind of intense pressure. I think we have to go ahead using Zimbabwe now, I think, as a useful model. Had we not had sanctions against Zimbabwe, as loosely complied with as they were, they made it more difficult for that government to get what it had to have. It made it more difficult for that government to seem to any part of the world as legitimate so that the sanctions, together with the military action, caused them to come to their senses and to finally negotiate an agreement that has left the basic infrastructure of that country in place.

I think if we do not impose sanctions we will be left with a situation where South African guerrillas, that I think are far along now in their organization, will be constrained to completely destroy a society to try to save it. It is unlike Zimbabwe in the sense that these are not subjects of Great Britain who can retreat to anyplace. We are talking about an Afrikanerdom that has been there as long as whites have been in this country who have nowhere to which to retreat. So it is going to take an awful lot of pressure, an awful lot of persuasion from the Western powers, to make clear to them that they can expect no support from the West when they have to sit down with a Nelson Mandela to negotiate something that will work for that country.

There is no reason now for them to believe that they cannot continue to expect the support that they now get. So if we do not have some kind of meaningful sanctions program I think we are going to cause a war that will be further reaching than it necessarily has to be to destroy a society that does not have to be completely destroyed, a society in which blacks and whites can live together.

Mr. SOLARZ. I have gone far over my time here and I will get back later to both of you, but at this point let me call on Mrs. Fenwick.

Mrs. FENWICK. Thank you, Mr. Chairman. I was interested, Mr. Crocker, in your theory that the policy must be based on a centrist consensus in this country and that that alone would be useful as an influence in South Africa. Do you mean by that that any purely governmental action taken by this government, which does not enjoy that kind of support or consensus, would be counterproductive in that it would rouse the National Party, and particularly its extreme right wing? Is that what you fear?

You say here on page 27 of your testimony that President Carter helped the National Party achieve its most massive election victory ever in 1977. Now, do you mean by that that his pronouncements roused the nationalist feeling that produced this overwhelming victory? Is that what you fear, in other words, that the actions come from the White House rather than from the great heartland?

Mr. CROCKER. What I mean is that in that particular case the initial nature of our policy was soon modified in reality.

Mrs. FENWICK. How did he produce this great election victory in 1977?

Mr. CROCKER. Because he unified a large number not only of Afrikaans-speaking, but of English-speaking whites around the administration, which many English-speaking whites are uncomfortable with. He did this by the nature; the tone of the pressure that was applied, backed up by not very much, and then when the policy shifted as it did in 1977, 1978, and up to the present time, it just proved once again that we do things but we do not really mean them. We have a policy for Monday and a new one for Tuesday kind of thing.

The longer-term situation is that if we were to go the route of sanctions, as has been proposed, it would be a question of time before you would see an erosion of those sanctions, which would then again prove the point.

I do not believe that this country would maintain economic sanctions against South Africa for 3 or 4 years.

Mrs. FENWICK. We all know that sanctions do not work. Nobody pays any attention to a sanction that they do not want to pay attention to. We have been very much criticized in Europe now for suggesting sanctions in Iran. I do not think that sanctions are a strong enough weapon to accomplish very much because every country has its own interest and it is going to do what is in its best interest regardless of the sanctions, even if they are voted by the United Nations. We have seen proof of it.

I do not think that you could ask, for example, Mozambique entirely to give up its relationship with South Africa, which is very profitable to the country and helps it to run in a successful way. So I think you would be asking too many countries for something that they are simply not prepared to give in the interest of peace.

I would like to ask you something because I am a little bit confused. You testified that someone said that one could not commend forward steps without increasing complacency. I think that is nonsense. I do not know who said it.

It seems to me that the only way that one can ever establish any kind of influence over other people, is to show that one is sincere, that one is not a bigot or a fanatic on either side, that one is, in other words, perfectly prepared to admit that there has been a change of attitude, which is good, but not adequate. I cannot see why one cannot say both at once and encourage, therefore, forward steps.

Did you mean to say that you accept that observation or that you think is as ridiculous as I do?

**Mr. Crocker.** What I said was that it is a difficult policy to carry out.

**Mrs. Fenwick.** Why?

**Mr. Crocker.** To encourage movement and to support change while at the same time maintaining pressure.

**Mrs. Fenwick.** Why?

**Mr. Crocker.** Because the signals are read by different people in different countries. Some people in South Africa will read that one way; some will read it another way. You may find some who will say, "Look, this means the Americans are supporting us now," when in fact that is not what it means. It means we support that change.

**Mrs. Fenwick.** Mr. Crocker, in one sentence one can say:

> We are pleased to see that 16 out of the 18 work restriction laws have been repealed, but we hope, of course, for the elimination of the remaining two.

**Mr. Crocker.** I am for that kind of a policy. I am just saying that it is difficult to conduct. It has to be done skillfully, but it can be done.

**Mrs. Fenwick.** It seems to me the essence of frank feeling and simplicity. All you have to do is say, "This is good, and we are now looking forward to the next." I think that every single time we can include both in the same sentence so they could not be separated.

In other words, what are we really trying to do? How would we convey, other than through something like this, that consensus which we are all looking for? That is where it is going to have to come down. We cannot have the extreme of sending every kind of military equipment to the South African government on the one hand or on the other hand sending every kind of military equipment to the guerrillas.

There has to be something in the middle in which we are determined to help in any way we can to have a better situation.

**Mr. Crocker.** I think you and I agree completely with each other about this. I am simply pointing out the difficulty of conducting that kind of a policy in a multiracial society where different communities will read different messages. If we are to say that we support the reformist process set in motion by this government, which I think we should, we have also to make clear to everybody in South Africa, not just to the government in Pretoria, that we intend to maintain the credibility of our pressures for continued change.

Mrs. **Fenwick**. Absolutely, and I think we can do it in the same sentence, in the same letter.

I have been urging here, in the House where we have a number of colleagues who are interested in Africa, that we ought to have a steady communication of that kind. Now, I would like to ask you this. If you think it would be counterproductive to have strong measures in rhetoric from the executive department, what would you think of some such messages from Members of Congress? In other words we said in one sentence, "We were happy to note this change but we are looking forward to other changes."?

Mr. **Crocker**. The Congress does occasionally express itself by consensus resolution, and if there was something worth recognizing in that way and in the way of progress I would say, by all means, fine. The Congress has already recognized outrages that it does not like in South Africa when they occur.

So if you feel there is a possibility in the Congress, and you know better than I whether that is possible, to obtain consensus on measures that we should recognize favorably, fine.

Mrs. **Fenwick**. What would you think of that, Mr. Robinson?

Mr. **Robinson**. I would like to respond to the general tenor of some of your comments. First of all, I do not regard the Sullivan principles as a step forward; I think they are a step backward.

Mrs. **Fenwick**. The Sullivan principles?

Mr. **Robinson**. Of course, the Sullivan principles. I think it is a step backward.

Mrs. **Fenwick**. Why? It speaks of equal wages.

Mr. **Robinson**. First of all, let me say that I think that the benefits that come from the principles are far offset by the enormous assistance that so many U.S. corporations give to the South African Government to continue doing what it does.

Mrs. **Fenwick**. What do those companies give in the way of support to the government? Taxes?

Mr. **Robinson**. We have the European community providing in excess of 90 percent of South Africa's petroleum needs, the U.S. oil companies 44 percent.

Mrs. **Fenwick**. The European?

Mr. **Robinson**. The European, including the American community, the western community.

Mrs. **Fenwick**. We sell oil to Africa?

Mr. **Robinson**. Yes; we transport, Exxon, Caltex.

Mrs. **Fenwick**. But that is not American oil.

Mr. **Robinson**. Major U.S. companies, companies subject to our jurisdiction. One hundred percent of South Africa's computer needs are met by the U.S. companies and British companies.

Mrs. **Fenwick**. In Africa?

Mr. **Robinson**. In South Africa. Seventy percent of South Africa's computer needs are met by U.S. companies. Without these computer companies, South Africa has no computer capacity at all.

**Mrs. Fenwick.** Wait a minute, Mr. Robinson. I must interrupt you. This is very interesting but we haven't got much time because I only have 5 minutes and I must ask you: What is the matter with the Sullivan principles? In other words, why is it not better to have people treated decently?

**Mr. Robinson.** What is the matter with the Sullivan principles is that it is a casual rearranging of the deck chairs on the *Titanic*.

**Mrs. Fenwick.** If you will forgive me, if you are caught under a deck chair and it is heavy you would rather that it were taken off. And we do not know that we are going to hit the iceberg.

Of course, there is a difference between those who advocate revolution and those who advocate change, and maybe there is something incompatible in the views of the two. I think that any change that produces equal wages for equal work that does not segregate people in cafeterias and washrooms, is a change for the better, any of these are improvements in the ordinary lives of ordinary people.

Now, they can only be feared by someone who says, "Change in these directions is going to make revolution less possible."

**Mr. Robinson.** I am simply saying that continued American corporate presence in South Africa impedes progress toward the kind of society that we all want to have. When one asks the South African Government the question, "Can it be possible for American corporations to improve the probability of seeing a one person, one vote, unitary state society," South Africans from left to right, white South Africans say, the ambassador here said, that there is no chance that American corporations could play such a role.

**Mrs. Fenwick.** Mr. Robinson, that is what the present government says, but the present government is not the future government. We may expect another government to take office that is as different as this government is from the previous one. You cannot desire to return to something inhuman in order to have an explosion.

I was very happy, although apparently you are not, that Reverend Sullivan had been asked to come and speak to the 10 biggest South African companies employing some 750,000 people. Now, of the 167 American companies that are not in the Sullivan plan, one is the Times bureau, and another is the Newsweek bureau. They are not the major employers of Americans in South Africa. So, we have to look at this with some sense of proportion.

I think it was a wonderful thing that 750,000 workers in South Africa may be brought under the Sullivan plan. You do not approve of that?

**Mr. Robinson.** What I am simply saying is that if American corporations were to remain in South Africa, it is fine and dandy, I think that blacks sit next to white in eating rooms and enjoy equal wages. I am simply saying that that misses the basic thrust of the struggle there. It is not a struggle about jobs.

**Mrs. Fenwick.** That is all right. Now I understand you. It is not the basic thrust, I agree with you.

**Mr. Robinson.** If one wants to view that as progress, one seriously deludes oneself.

**Mrs. Fenwick.** I do not think one deludes oneself. It is just that it is progress, and not in the direction that you want it to go.

**Mr. Robinson.** Nor should one delude oneself about the role that those corporations play while they are integrating their eating rooms.

**Mrs. Fenwick.** But I think not to applaud the hope that the major South African companies will join the Sullivan plan.

**Mr. Robinson.** I simply do not think it is said that that is any hope. I think the future will bear me out on this.

**Mrs. Fenwick.** Would you like them to?

**Mr. Robinson.** Would I like them to subscribe to it?

**Mrs. Fenwick.** Yes.

**Mr. Robinson.** I do not think in the final analysis that it makes any difference.

**Mrs. Fenwick.** There you are. You do not live there. Thank you.

**Mr. Solarz.** Thank you, Mrs. Fenwick.

Mr. Gray?

**Mr. Gray.** Thank you, Mr. Chairman.

Mr. Crocker, what are the examples that you can cite that indicate "the obscure politics of Afrikanerdom are producing clear signs of a noteworthy flexibility," which I think is part of your testimony? Do you see any real reform taking place in South Africa? And if so, could you be very specific and brief as to where you see the change taking place?

**Mr. Crocker.** Mr. Gray, at present the principal change is in the climate and the atmosphere of Afrikaner politics, which has changed fundamentally. In terms of tangible results that make a difference to the lives of people who live there, the changes have been very, very limited.

They are real, I believe, in the field of labor, of labor law and labor relations. There is change going on in the area of urban government, which previous witnesses have also described before this committee, which it seems to me are also real.

For example, if elections take place in the city of Soweto and if the South African Government makes real budget resources available to the city council that would emerge from them, that is a change that to me would become real.

Other areas of change that are talked about but not yet on the books have to do with broader access to educational opportunity for blacks, but I will come back to my opening point. The main change so far is in the climate of Afrikaner politics. There is a lot of evidence of that. You see it in speeches from the Prime Minister to his party caucus. You see it in the kind of advisers he is surrounding himself with who do not represent the verkrampte wing of Afrikanerdom but a very different sort of Afrikaner.

You see it in the general openness to expertise of this current administration in South Africa.

**Mr. Gray.** This past weekend I read a quote with regard to some of those changes by Chief Buthelezi, particularly with regard to the council. Are you aware of his statement last week condemning the councils and advocating nonparticipation?

**Mr. Crocker.** What is going on right now in South Africa, as I read it, is a bargaining process over the nature of what those councils would be. What Chief Buthelezi is saying is that "we do not want any part of a sham council structure." Unless there is going to be power in the hands of that council he is saying "we are not in."

So what I think you have to interpret into that situation, if I may say it this way, is that it is a bargaining process. It is not yet a system.

Mr. **Gray**. You have said here this morning that if there was mandatory compliance with the Sullivan principles by the U.S. Government that South Africa would perhaps laugh. I think you said that a few minutes ago, or something like that.

Do you think that laughter would be as a result of the fact that compliance with the Sullivan principles really in no way violates South African law?

Mr. **Crocker**. The purpose of my statement about South Africa laughing is that it does not bring about any fundamental influence for the kind of long-term political change that we all here today, I presume, are interested in. And talking about deck chairs, this is tinkering with the ashtrays. It is simply not going to make a lot of difference.

Mr. **Gray**. So you agree with Mr. Robinson on the evaluation of the Sullivan principles?

Mr. **Crocker**. I believe I said in my testimony, Mr. Gray, and I said this orally as well to Mr. Solarz, that there is no way you can argue that the Sullivan principles are going to bring about by themselves fundamental political change. That is not, in my view, their purpose, but they do bring about significant socioeconomic change over time.

Mr. **Gray**. During the questioning period by the chairman you commented on the potential for violence. I would like to have you comment again, particularly at the end of one statement where you said, "They can handle it," and I assume you were talking about the South African Government, and I think as you trailed off you said, "For a while." Would you clarify that? Can the South African Government sustain a prolonged guerrilla attack? And what do you mean by "for a while"?

Mr. **Crocker**. I think the South African Government, through its security forces, can withstand virtually any kind of guerrilla or conventional pressure across the borders or in the rural countryside for as far ahead as I can see at all clearly. I am talking here of about maybe 5, 7 years.

What they find most difficult is random and sporadic and spontaneous violence in industrial plants, in mines and in the cities, but as far as organized military threats are concerned they are very well prepared.

Mr. **Gray**. Do you see an increasing occurrence of guerrilla activity and violence taking place in the months and years to come?

Mr. **Crocker**. This is a function of other things that we do not know for sure, including political change or its absence. It would not surprise me to see a gradual increase in sabotage incidents, in bomb throwing, random attacks of that kind. It would not surprise me to see increased strike action.

As I said in my testimony, I believe change will be accompanied by some degree of violence.

Mr. **Gray**. You also earlier in the questioning period, I think maybe twice in reference to the chairman and also in talking to Mrs. Fenwick, our colleague from New Jersey, made a reference which I am not quite sure of and I would like a little clarification on. You were talking about the mandatory Sullivan principles and you implied that it would be viewed that the American Government said that it must be done but not the American people. Is that what you meant?

Is there a distinction between the U.S. Congress and the Senate and the American people? Do you see our acts, if we passed any laws governing South Africa, not being reflective of the American people?

I perhaps live under the delusion that this body, the Congress and the Senate, when it forms a consensus does represent the American people.

Mr. CROCKER. Mr. Gray, if I can put it this way, I believe that not everything good that comes out of our country comes out of our Government.

Mr. GRAY. That is entirely different. That is a different statement. You do agree, though, that the American Congress, the House and Senate, when in agreement and passes legislation, is reflective of the American people or are you saying good and bad legislation?

Mr. CROCKER. I think our system is capable of producing legislation that may or may not represent any degree of knowledge or understanding of the issues among the American people, but I think we are spending an awful lot of time on an issue that as I mentioned really is a very marginal fiddling with the policy.

Some people have argued another case against legislating the Sullivan principles, which is that the South African Government will make it harder for this sort of effort to take place because of their ability, their reaction, to the extraterritorial application of our law.

Basically it seems to me that this is a judgment call, and I am not prepared to make a strong case for legislating the Sullivan principles. Nor am I going to make a strong case against it.

Mr. GRAY. Going back to the question of possible increased conflict, on page 11 you suggest that the West use its power to veto non-African military intervention in the developing South African conflict. Does this mean that if in the next few years, let's say, Cuban troops appear on the side of the black liberation struggle in South Africa or in the defense of neighboring black states that we should then take sides with white South Africa?

Mr. CROCKER. No; it does not mean that, Mr. Gray, and I want to be very clear about this. This is a very important question that you have raised.

The way that we veto non-African intervention in the South African conflict is twofold: By the overall global credibility of our foreign policy in the first instance, and second, by playing an active role with the state of the region, and I am speaking specifically of the frontline African states of the region.

The worst way in the world for us to conduct the veto that I have described would be to have a prominent public official get on "Meet the Press" and say, "We will not tolerate the introduction of Soviet or Cuban troops into this region." That is not what I mean by a veto. We conduct our policy in such a way so that there are not the opportunities.

Mr. GRAY. You mentioned global credibility, and that leads me to another important question and that is the whole question of our credibility with the entire African Continent and other members of the world community by our presence there.

Do you see anything that we are currently doing that jeopardizes our global credibility? I think Mr. Robinson has articulated that he feels very strongly that our credibility is in jeopardy, particularly throughout the rest of Africa and perhaps even in other Third World areas.

Mr. **Crocker**. I would submit a rather different view of that question. If you were to say to the Government of Botswana, or Zambia, or of Zimbabwe and others in the region that we are going to have comprehensive sanctions and we are going to walk away from this problem and leave you sitting there, I think they would wonder what kind of credibility that stands for.

Who is going to pick up the tab if we try and put sanctions on South Africa leaving the neighboring black states to deal with South Africa on their own? It is going to be a massive burden that someone is going to have to pick up and I do not see us picking it up.

It took a major effort by you people, and a commendable one, to get a rather small amount of aid to Zimbabwe recently.

Mr. **Gray**. Mr. Robinson, your assessment of reforms in South Africa, do you believe that they are genuine, they are the beginning point of some progress, or are they really just cosmetic?

Mr. **Robinson**. I think they are cosmetic. I think they do not, for American consumption at least, contemplate the vast difference between petty and grand apartheid.

On the question of separate development there are no concessions. South Africa is moving ahead under the cosmetic cover of the smaller changes to do what it has set upon doing a long time ago, to create two societies, one for the whites and another for blacks, the Bantustan system, the homeland system.

On the question of the full franchise for blacks in a democratic state, I do not see the slightest movement. So that I think that the changes that have been made recently can be characterized as cosmetic. And to the extent that we support that and support the Sullivan principles, we become a part of that problem of disguise and of deception.

Mr. **Gray**. This is my final question. You mentioned several arguments that are constantly used in reference to what action we should take in South Africa. One of the arguments that you did not mention is one that we often hear a lot about, and that is, that somehow South Africa stands as a mighty bulwark against communism and a Soviet threat in East/West relations in southern Africa. How do you respond to that?

Mr. **Robinson**. There is no question that South Africa has a strategic value to the United States. It sits astride important sealanes. All of the oil that comes from the Persian Gulf and goes to the West goes past the Cape of Good Hope. That is important to the United States.

I think it is clear that we are sacrificing the long term in favor of the short term. Governments represent a combination of coercion and consent, and governments that depend heavily on coercion against the wishes of their people do not last.

It ought to be clear to anyone who observes that situation that this Government is going to be overthrown in the near term. We always seem to find ourselves on the wrong side of the issue in terms of how it is going to turn out and in moral terms as well.

So that it behooves the United States to support the right side here so that we will have a better chance in another way of having better relations with the government that emerges in the final analysis. As we are going now we will come out on the wrong side and I think reduce chances of good relations in the future.

Mr. **Gray.** Thank you.

Mr. **Solarz.** Than you very much, Mr. Gray.

Mr. Wolpe.

Mr. **Wolpe.** Thank you, Mr. Chairman.

Dr. Crocker, I was intrigued by your observation made in response to a question by Mr. Gray just a moment ago when you indicated that it was not your suggestion that the United States in exercising its veto power should at some point come in and support the South African regime in any overt sense but rather that we should make certain, in the conduct of our foreign policy, that there would, for example, not be the opportunity for the introduction of Soviet troops into the region or Soviet assistance in some other form.

How precisely do you propose that we make impossible the opportunity of Soviet assistance to the nationalist movement within South Africa?

Mr. **Crocker.** One way we do it right now with the splendid opportunities that exist for us in southern Africa, it seems to me, is to embrace southern Africa as a whole in terms of our willingness to really pay attention to the region, to have an active policy toward it, to have investment there, to have economic aid programs there.

I am not suggesting that we can exclude the Soviet Union from every country in the region nor that we necessarily see that as our highest priority, but we can be there and not neglect the place, and that makes the difference.

Mr. **Wolpe.** Let me state a hypothetical to you, Dr. Crocker. If by chance, and perhaps this is just really a wild hypothesis, that the nationalist leaders who are seeking to change the regime in South Africa view the American economic sustenance of the regime as contrary to their interest, does not that encourage the likelihood that they will seek assistance from elsewhere?

Mr. **Crocker.** I take issue with your notion of economic sustenance of the regime.

Mr. **Wolpe.** I am just asking a perceptional question here, not a fact question. I am speaking of if they perceive us as in fact supporting the regime.

Mr. **Crocker.** Liberation movements will seek assistance where they can get assistance. They also have to have a territory to be based from and that is, of course, the factor that I am referring to.

Mr. **Wolpe.** That is right, but I just want to pursue this question about trying to deny Soviet opportunities in the region. The suggestion that I am submitting to you is, if indeed the perception of black African leaders within that area is one of American support for the regime, is that not in and of itself at least one factor enhancing the likelihood of Soviet opportunities being realized within that region?

Mr. **Crocker.** I think you could say that that is a more common tendency among liberation group leaders but not among the people who run the states in the area, who will have a very different view of it. They will want to know, yes, we want to support our brothers in the struggle but by the same token what price do we pay. They will ask some questions.

Mr. WOLPE. The suggestion in the conversation that Mr. Robinson had with the gentlelady from New Jersey, toward the end of the conversation the response was made by Mrs. Fenwick that Mr. Robinson did not live in South Africa. That, I took as a kind of specific part of a more general consensus that you hear frequently, which is that those Americans do not live within that country and therefore there is a moral presumptuousness about our attempting to develop policies oriented toward change in that country and advocating one policy or another.

Would you respond to that more general kind of posture?

Mr. ROBINSON. I was inclined to say, and it was not a valid response, that I did live in the United States and I have since 1941, and I think it gives me a sense of what it feels like to be a South African.

But I think more properly, when one looks at the OAU and what the African states feel about this, overwhelmingly you see African pressure for sanctions against South Africa, overwhelmingly you see objections to this program from the Western Powers, not from the Third World. So that if one looks for validation of this point of view I think one ought to look to Africa for it.

You see it in the liberation groups. You see it in ANC and PAC, the black consciousness movement. These are good reflections from within South Africa of what the policy ought to be and which way the West ought to go.

I want to say something in response to something that Mr. Crocker said. He expressed real concern about what would happen to the frontline states. I think we should not patronize the frontline states. I think we ought to let them make these decisions for themselves.

As far as one can see they have said that they are in support of sanctions. Mozambique sacrificed half a billion dollars in fees, port fees, to support sanctions against Zimbabwe because they thought freedom there for 7 million people was important. Presumably they are willing to make the same commitment on this question, and I think it is a decision of that Government and those people to make.

Mr. WOLPE. I appreciate those observations. My time has expired. I would just like to make one very brief concluding observation, which is that it strikes me that it is just as morally presumptuous, if that is the criterion that we are using, to adopt policies that are supportive of the regime.

What I hear being suggested is that policies of sanctions represent a moral pretentiousness, that is, who are we to force a more rapid change in that region. But somehow policies that are supportive of the status quo do not have the same quality attached to them and I am disturbed by that contradiction.

And I would argue beyond that, granted, those of us who as Americans do not live in that regime and within that country and when we met with the South Africans recently we all were very sensitive to the awkwardness of attempting to dictate to another regime that response but ultimately national self-interest ought to be the overriding determinant of American policy and that is where I come to this issue. Our present policy, it seems to me, is a policy of delusion.

Mr. SOLARZ. The gentlewoman from New Jersey and the gentleman from Michigan are not only among my closest friends in the Congress but they are two people for whom I have the greatest respect so I do not like to see myself caught in the middle of an argument between them.

I would like to say in defense of the gentlewoman from New Jersey, however, that I interpret her remarks a little bit differently. I do not think she was so much speaking to the question of whether we had a moral right to promote change in South Africa, but rather to the other problem which we have been grappling with today, and that is, the question of incremental change versus instantaneous and more comprehensive change.

Mr. WOLPE. Mr. Chairman, if I said anything to the contrary that was not my intention. I interpreted her remarks precisely as you have just described them and I am sorry if I did not make that clear.

Mr. SOLARZ. We will on this happy note, after we have rehabilitated the reputation of the gentlewoman from New Jersey, recess for approximately 10 minutes.

[Whereupon, there was a short recess taken.]

Mr. SOLARZ. The hearing will resume. It seems to me that both of you gentlemen in a certain sense missed the real point about the Sullivan code. Admittedly, the effective implementation of the Sullivan code is not going to bring about the establishment of a political Utopia in South Africa and that it does not deal with the fundamental questions of political change and opportunity which will determine the real future of South Africa.

It seems to me, however, that the question which confronts us concerning the Sullivan code is that if, to the extent that American investment in South Africa is there, until such point as it voluntarily or legislatively is obligated to withdraw, to the extent that it is there, should those who work for American corporations be given the advantages which the Sullivan code makes available? Presumably those blacks, coloreds, and Asians who work for American firms that subscribe to the Sullivan principles and who implement them are better off than they would otherwise be.

So, my question to each of you is: So long as American investment remains in South Africa, do you think it makes sense to require American firms to accept and implement the Sullivan code, which is not the same as saying you think that American investment should remain. Obviously you don't and you do.

Mr. ROBINSON. The simple answer to that is, of course, yes. There should be fair play in the workplace and fair employment procedures. The danger is if that is a self-contained package it will lead those of us here to believe that we have accomplished something significant when we have not, and will not lead South Africa to believe that it has conceded something significant when it has not, when it is not a part of the larger package that leads us to the objective that we want to reach.

Mr. SOLARZ. What we have to resolve is the tension between the ideal and the possible, which is what politics, I suppose, is all about. Have you considered the possibility that in terms of the larger and long-term changes which you would like to see take place, not only in South

Africa but with respect to American policy toward South Africa, that the implementation of the Sullivan code legislatively might conceivably ease the way for the adoption of what you would consider to be more effective measures later on?

Whatever people may think at the time such legislation is adopted, once it became clear that the implementation of the Sullivan code was not producing significant political changes and other significant changes in the country that it would eliminate the argument that this is the way to deal with the problem by improving economic opportunities for blacks.

Mr. ROBINSON. I have serious doubts about it. You know the body politic better than I. I have serious doubts because it may suggest to a number of people that the corporate presence of the United States in South Africa is all right if such measures are taken. It cleans up our act and we are therefore good guys.

Overwhelmingly, and I will make the point again, corporations give to South Africa the capacity to do what it does. I think in Africa it buys you nothing. To black South Africans it is the same; it will buy you nothing. And I think it stands the chance of setting back the process of getting more meaningful legislation through later when there is not much later to be had. I am just afraid of that.

Mr. SOLARZ. Mr. Crocker?

Mr. CROCKER. I appreciate, Mr. Chairman, your desire for a straightforward, one-sentence answer and one that is focused on do we or don't we put the Sullivan principles into law.

I guess the reason why both of us resist, we have different reasons, is because the problem is bigger or more complex than that. I would argue, for example, that Sullivan would be a lot more effective if it were monitored and shaped by South African blacks and not by America. In other words, get South Africans involved in the monitoring process so that it has some internal credibility.

I do not know if you can legislate that into law or not. If you were to do that I would be able to support you with some enthusiasm, because I think what Sullivan needs above all is to be seen as part of the South African system.

Mr. SOLARZ. Mr. Crocker, do you support the Evans amendment?

Mr. CROCKER. I am not sure I see what the purpose of the Evans amendment is.

Mr. SOLARZ. The Evans amendment, as you may know, prohibits the Eximbank from providing loans, et cetera, to corporations unless they comply with certain conditions.

Mr. CROCKER. I see the Evans amendment, Mr. Chairman, as one of many examples of something done to show concern, but without much focus on what it will achieve, and that is really where my concern lies.

Mr. SOLARZ. I assume you support that approach?

Mr. ROBINSON. Yes.

Mr. SOLARZ. Mr. Crocker, I gather you feel we should have a foreign aid program in Zimbabwe.

Mr. CROCKER. Yes; I do.

Mr. SOLARZ. Do you think we should provide more than the administration has indicated it is prepared to provide at this point?

Mr. CROCKER. I would like to have seen a more generous handshake to the new Government in Zimbabwe than our system as a whole was prepared to come up with. Whether the administration is to blame for that or the Congress or just the mood in this country, I do not know.

Mr. SOLARZ. Not the Congress, I can tell you that. I think the debate on the floor of the House last week demonstrated quite clearly that Congress is prepared to support, at least the House, but I am sure the Senate too, a generous foreign aid program in Zimbabwe.

The fundamental political question is whether we do have a program or whether we do not have a program. Whether it is $30 million or $50 million or $60 million is not the issue on which it will be resolved. Members who will go for $30 or $40 million will go for $60 or $70 million, it seems to me.

Mr. CROCKER. I would have liked to have seen a bigger program. I think it is in our interest, particularly at this time, to indicate in unmistakable terms that we are going to back the kind of change that we think is in our interest.

Mr. SOLARZ. Mr. Robinson, are you saying that no changes in South Africa short of the establishment of a political system of one man, one vote within the framework of a unity state are meaningful?

Mr. ROBINSON. No; I am not saying that at all. I am simply saying that we ought to see developed by South Africans themselves, and pressure applied here toward that development, scheduled steps toward the objective that will be satisfactory to the majority of the people in that country. I think that, as a final objective, is the step that we have to get to in the final analysis.

Those steps can be scheduled. I think it would be presumptuous of us to talk about what those steps ought to be, but I think we ought to be prepared to design certain responses to South Africa if those steps are not taken in a timely fashion.

Mr. SOLARZ. If South Africa, for example, eliminated the past laws or the Group Areas Act, you would not consider those changes irrelevant or insignificant?

Mr. ROBINSON. No.

Mr. SOLARZ. I gather you would consider that a very welcomed development, although by no means a solution to the larger problem.

Mr. ROBINSON. It would be a welcomed development in the context of steps to be taken in a sequence toward the final objective.

Mr. SOLARZ. Is it your testimony that in your view the black African states, particularly those in southern Africa, would in fact be prepared to join a comprehensive economic embargo against South Africa?

Mr. ROBINSON. Yes.

Mr. SOLARZ. Even Mozambique?

Mr. ROBINSON. Yes.

Mr. SOLARZ. My impression is that Mozambique is far more dependent on South Africa than it was on Zimbabwe.

Mr. ROBINSON. I have talked with a number of southern African heads of state about this, a number of ambassadors, a number of foreign ministers about it, and some say that they would expressly support it. Others said that they would not expressly support it but would welcome it and would honor it, although they know it would be very difficult for them.

Mr. **Solarz.** Would they be prepared to honor it and support it in the absence of some understanding which would provide them with compensation, as it were, for the loss to their economy of such an embargo?

Mr. **Robinson.** I think they would. That was the spirit of the Lusaka meeting, to develop an independence from South Africa. We know the extent to which those economies are mineral economies that depend on the South African rail transport system. They have asked for help from the Western Powers so that they can be stronger in their opposition to South Africa, but nonetheless I think they would be supportive of the sanctions program.

Mr. **Solarz.** Supposing that all of the recommendations you have made were accepted and there was an international embargo voted by the United Nations on South Africa, I am sure you would agree that there would be some sanction busters, some people who would attempt to run the blockade as it were.

Mr. **Robinson.** Sure.

Mr. **Solarz.** What would the real impact on South Africa be in terms of producing the kind of changes you seek? Would it really make a difference?

Mr. **Robinson.** In terms of the tightness of the ring, I think it would be more effective than the sanctions against Rhodesia because South Africa was Rhodesia's lifeline. In this case South Africa would have none.

It would have sanction busters, yes, but I do not know where the conduit would be. I think it would be effective when one looks at the areas of South African dependence. Nobody expects it now to completely cripple that economy. It is just one part of two, the other being the guerrilla struggle.

Mr. **Solarz.** What would be the political impact within South Africa itself of such sanctions? My impression has been that whatever else sanctions may do they do not appear to produce fundamental changes of political direction on the part of those who are the victims of such sanctions.

In other words, it did not persuade the Rhodesian whites to agree to majority rule. What persuaded them ultimately was a developing insurgency within the country.

Mr. **Robinson.** It is clear, though, that the sanctions package was an element of that persuasion or else they would not have worked so hard to have them lifted. It was important that the sanctions be lifted and that they be given international legitimacy. When that did not happen, the Lancaster House process evolved. I do not think it would have evolved as quickly and as painlessly as it did were it not for the sanctions.

Mr. **Solarz.** How do you respond to that argument, Mr. Crocker, that given South Africa's dependence on foreign investment and trade that an international agreement to impose comprehensive sanctions against South Africa could in fact hasten the day when the whites in that country would agree to real change?

Mr. **Crocker.** I think the main political effect of such a move would be similar to that in Rhodesia in 1965, which was to destroy any potential for a more enlightened white leadership to have a chance of making decisions in that country. Sanctions against South Africa would destroy the current effort underway in that country on the part of P. W. Botha. It would probably take the ground out from under the people that he represents within Afrikanerdom and create a kind of white laager mentality, which would be, "The world can do its damnedest and we are going to struggle on" kind of thing.

Mr. **Solarz.** Do you think there is any real hope that the current white leadership is prepared to make the sorts of changes which someone like yourself would feel are necessary in order to solve the South African problem as it were?

Mr. **Crocker.** I do not believe the current white leadership in Pretoria is prepared to tell you or me that they are prepared to do that, which is a very different thing. I do believe that this is a government which is change oriented and I would not be surprised, it is not my job here to speak for them, to see additional changes in the fairly near term that both of us would consider significant.

For example, publicly stating that South Africa is a unitary state; publicly groping somehow with the issue of citizenship.

Mr. **Solarz.** Does that mean you yourself feel that the homeland policy is not a viable basis for an acceptable political dispensation for South Africa?

Mr. **Crocker.** Of course it is not viable, and no serious South African these days thinks it is viable and that is the point. That is the kind of change that has occurred.

Mr. **Solarz.** Do you think there is any potentially viable political dispensation other than a system of government based on one man, one vote, within a unitary state?

Mr. **Crocker.** I think it is really the business of South Africans to determine that, but I do believe that full political participation means that the black majority will basically at some stage run the country.

Mr. **Solarz.** Do you see any possibility for federal solutions, say, on the Yugoslav model or the Swiss model or some other arrangements which give everybody the right to participate but in which power is provided through a variety of mechanisms, which create a system not quite the same as a centralized one-man-one-vote government?

Mr. **Crocker.** If you mean a decentralized, one-man-one-vote system, I suppose that is the direction that people will increasingly be thinking of. I mean, you have to ask that question about ourselves. Are we a one-man-one-vote society when a citizen of Nevada has more weight than a citizen of New York?

Mr. **Solarz.** In your testimony you seem to suggest that we should not hesitate to identify specific social and economic changes we think the South African Government should make but you simultaneously urge us not to prescribe any political changes that the South African Government should make.

Mr. **Crocker.** I think I may not have made myself sufficiently clear in my testimony if that is the case. What I said in the testimony was that the ultimate blueprint is not ours to describe, but there are clearly major things that could be addressed and should be addressed now.

Mr. **Solarz.** You have indicated what some of the social and economic problems that they should address are. What political changes would you like to see South Africa make and that we might advise them to make?

**Mr. Crocker.** I would think a good example is the issue of scrapping the homeland policy, not because it is going to instantaneously change the lives of blacks in South Africa but because it will convey a very powerful signal to all in South Africa that something is going on, something fundamental is going on here and that we are talking, after all, about a single state with a single citizenship.

**Mr. Solarz.** You indicate in your testimony and also in the colloquy that in your view one day when the blacks come to power in one fashion or another in South Africa, and I gather you would probably agree that sooner or later that is inevitable, that their view of the United States will be based on the existing situation at that time.

To what extent do you think the situation in Iran, and perhaps to some extent in Ethiopia, indicates that in fact our prior relationship with a country does have an impact on the attitude of a new government, particularly one that emerges out of the context of a revolutionary situation, toward the United States.

**Mr. Crocker.** There are a lot of false parallels, I think, in that situation. To my knowledge, we did not place P. W. Botha in office through a CIA coup. We did not identify with him to anything like the extent that we have embraced the Shah over the years repeatedly by Democratic and Republican administrations so that the American responsibility for the Shah's role was clearly a very, very major one.

I do not see that happening in South Africa. We are not identifying with P. W. Botha or with Afrikanerdom. We are talking about a multiracial state. That is our public line.

**Mr. Solarz.** Mr. Robinson's testimony, and a number of others have stated, argues that in fact American investment in South Africa is very significant. Much of their computer technology comes from us. American oil companies facilitate the flow of oil to South Africa. We are helpful in a variety of other ways that they claim, in terms of certain critical sectors of the economy, does in fact give us significant economic leverage with South Africa.

Do you agree with that assessment? And if not, why not? Because on the contrary, some people have argued that the United States accounts for 15 percent of all foreign investment and if you count that percentage of total investment it is exceedingly small and that realistically, with or without American investment, it does not matter much for the South African economy. Where do you stand on those two poles?

**Mr. Crocker.** I am clearly with the second pole. Our figure is, I think, about 3 percent of total fixed investment from the United States, which is a very low figure.

The point about cutting investment is that to do it would not produce any predictable consequences at all. It would simply be an act of domestic American politics or domestic American self-indulgence to make ourselves feel better about what we are doing about South Africa. Let's be very clear about it.

If we alone, and I agree with Mr. Robinson that we are talking not only about the United States but also our allies, were to cut, let's say, computer sales and computer investment vis-a-vis South Africa, there is no way that that is going to have the slightest effect on the operation of apartheid as a system, no effect at all that I can see.

It is so easy to get servicing by other countries that it simply makes no difference what we do.

Mr. SOLARZ. Mr. Robinson, would you respond to that particular point. Supposing that your hopes for multilateral sanctions prove unavailing and we are left at the end of the day with a choice of going it alone or not going at all. How do you respond to this argument that if we do have to go it alone, given the extent to which South Africa can go elsewhere for computers and other certain kinds of sophisticated technology, we would accomplish nothing, at least in terms of saving significant impact on the South African economy?

Mr. ROBINSON. If we have to go it alone then I think we have to design a set of sanctions that give maximum consequence to whatever step we might take. I do not think that we in good faith have given much thought to what those steps might be, nor have we talked to the allies persuasively about joining with us in a joint proposition.

I cannot sit here and say what the consequences would be or what the response of South Africa would be or what the response of the allies would be. I think that we would get support from the Western allies.

We sit here and say that the United States would be washing its hands self-righteously as if there is no country in the world supportive of such a move. Overwhelmingly, the members of the UN support sanctions. We are talking about five nations who resist it.

Mr. SOLARZ. Yes; but if that is true then why haven't these other countries unilaterally imposed sanctions? I mean, nothing prevents them from doing that.

Mr. ROBINSON. Some of them have moved toward that. Nigeria, as you know, has taken a position and has raised it early in the year with Congressman Wright and the delegation when they stopped at Lagos. Other governments, of course, cannot be measured by the same measurement that the United States should be measured by.

To say that African economic relations with South Africa begins to compare with U.S. and Western relations is just not close to the truth.

Mr. SOLARZ. Mr. Crocker, did you support the sanctions against Iran?

Mr. CROCKER. I have not supported a single thing about U.S. Iranian policy since November 4 of last year. The worst thing we did of all, if I might say so, which does have pertinence to these hearings, is that we proclaimed in advance an impossible objective, which was to force the Iranian Government to release the hostages.

Mr. SOLARZ. Now we have sanctions which we have imposed against a number of countries—Cuba, and I think trade is prohibited with North Korea and Iran now. Would you be in favor of eliminating sanctions against all of those countries on the grounds that they do no good, et cetera?

Mr. CROCKER. I have a general reservation about sanctions globally because I have not seen them working very far. If you look at the specific case of, let's say, Cuba or North Korea you would have to look at it as part of a bigger package of the rest of our relations.

Mr. SOLARZ. What about Uganda against which we imposed sanctions a few years ago as a result of our discontent with the rule of Idi Amin?

Mr. CROCKER. It would be my observation that it was the principles and the desire of a neighboring head of state, Julius Nyerere, that above accounted for the downfall of the Amin government, as well as the chaos inside Uganda toward the final phase rather than American coffee sanctions.

Mr. SOLARZ. So you were opposed to sanctions against Uganda a few years ago?

Mr. CROCKER. On the principle that I do not think it makes good foreign policy, not that it is going to do any good for the Ugandan people one way or the other.

Mr. SOLARZ. Mr. Robinson, how do you respond to the argument that as bad as the situation in South Africa may be it would be kind of hypocritical for us to single them out for sanctions when there are many other countries around the world that—while perhaps not racist in the sense that South Africa is—have equally brutal if not more brutal regimes? The Soviet Union has a brutal Gulag Archipellago, other countries treat many of their minorities very roughly, and yet we do not prescribe trade with them. We do not cease having diplomatic dealings with them.

Mr. ROBINSON. First of all, I think South Africa is unique and I have described why I think it is unique. Second, there is a consensus of world opinion on South Africa. That is a nation that has been identified as a nation that ought to be subject to these kinds of sanctions.

Third, I would not limit it to South Africa. I have said as much about our relations with the Central Africa Empire. I have said as much about our relations with Uganda. I have said as much about our relations with El Salvador and Nicaragua, with Chile.

I think we ought to put some degree of principle and virtue into this foreign policy and I think it makes sense pragmatically in the final analysis because these regimes that fall sometimes quite often fall on us.

Mr. SOLARZ. You said in your testimony that we appear to support the South African Government and this was a matter of concern to you. It seems to me that while one can argue that our efforts to bring about an end to apartheid have not been very effective and perhaps have been intermittent, and as Mr. Crocker would put it, inconsistent, that we nonetheless do clearly oppose the existing system in South Africa in the sense that our Government constantly speaks out against it, we have voted for the arms embargo, we have taken a number of other steps which express our unhappiness, not nearly as much obviously as you or others would like, but in what sense do you mean to suggest that we appear to support South Africa?

Mr. ROBINSON. Someone once said that hypocrisy is the homage that vice pays to virtue. We appear to support it because in every way quantitative we do. We say we are opposed to it but to all Third World ears and to all African ears that is sheer hypocrisy when we say we are opposed to apartheid.

The theater of opposition has been very thin. When one looks at our corporate relationship, our previous military relationship, our diplomatic relationship, the relationship over the last 30 years has been quite cozy and I think it is difficult for Third World people and for Africans particularly to see how South Africa could have developed into what it is today, the most powerful military and economic machine on that continent, without the real support of the Western community. . . .

Mr. SOLARZ. Mr. Crocker, is there anything you think we should be doing to get an agreement in Namibia that we are not doing?

Mr. CROCKER. The negotiations in Namibia, over Namibia, are, as they have been for sometime, at a pretty sensitive stage and I would not claim to have full knowledge of where they stand. The current effort is a heroic one and it must be continued. It is a very important effort. I think one of the achievements here has been to keep it, for the most part, out of the newspapers which may augur well for its future.

But not knowing enough about exactly which court the ball is in at this stage, I think I would just as soon not comment on it.

Mr. SOLARZ. Mr. Crocker, some people have described South Africa as a bastion against the advance of communism in Africa. Others have said that it is the best thing the Communists have going for them in Africa. Where do you come out in this analytic dispute?

Mr. CROCKER. Here you get into sort of the globalist, regionalist argument. Within the African context, clearly South Africa's existence as a racist society only provides opportunities. There is no question about that and I am quite prepared to say that to any globalist I know, and I have a lot of globalist friends.

By the same token, it is also true for global reasons, strategic and economic, that we have important interests there that relate to our global concerns, our economic health and our military flexibility, which we would not want to see lost during this transition, this process of political change in South Africa.

Mr. SOLARZ. Do you agree with Mr. Robinson that if in fact we were cut off from access to South Africa's mineral resources that there are adequate substitutes that could be developed or that there are other countries that would be prepared to make up the difference?

Mr. CROCKER. No; I do not. I believe that if we were in our enthusiasm to mandate trade sanctions that it would be simply a question of months, perhaps a year or two at the most, before we would reverse our course in facing up to the reality that in some mineral areas South Africa has become important even to us, let alone to our allies who are much, much more dependent on South African minerals. The ferroalloys I am thinking of particularly here, and platinum.

But look at the energy field. In the area of uranium and coal more and more European countries are developing relationships with the source that they find most available, which is South Africa.

Mr. SOLARZ. Mr. Robinson, do you think we should provide military assistance to the ANC or to the PAC or to any other organization seeking to overthrow the South African Government by military means?

Mr. ROBINSON. I would say yes. I do not think there is the smallest probability that we will. I do not think there is a serious request from ANC for it. That is not what they have applied for. They have simply said, "We can get the arms to do what we have to do. We simply ask the Western powers to stop helping the other side. We are not asking the United States to do anything. We are asking the United States to stop doing what it has been doing."

Mr. SOLARZ. Let me ask you each finally, and if you can answer briefly we will then end the hearing, to what extent do you think our posture toward South Africa meaningfully and seriously affects the attitude of other African and Third World countries toward us?

Mr. ROBINSON. Well, I think a good deal. I recall some of the exchange in Lagos when Congressman Wright and the delegation stopped to talk with the new head of state, congratulating Nigeria on the new experiment and their progress in the new government and their support on Iran and their support on other questions important to the United States.

Then the President said to Congressman Wright, "Well, what about United States support for Africa on South Africa?" And there was quiet in the room. So that I think it is clear that Africa is very much disappointed with the U.S. position on this. I think it is going to be costly to us.

Mr. CROCKER. I think African statesmen would have some problem identifying themselves with the policy of any Western government toward South Africa and I think we ought to mature as a society to the point that we recognize that we have differences with different countries on different things.

It is true, in my view, that African governments realize that if there is to be a settlement and if there is to be change in South Africa it is through the West that that change is going to happen in part, because they do understand that we can talk to both sides as to all sides within South Africa and that is an important kind of influence, which we do not want to walk away from.

Mr. SOLARZ. I want to thank you both very much. I think this has been a very constructive and useful hearing. We have not necessarily answered all of the questions. I think we have highlighted the problems. I think this has been a serious and sophisticated exchange.

So let me thank you both very much for helping us by being here today.

The hearing is adjourned.

[Whereupon, at 12:55, the hearing of the subcommittee was adjourned, subject to the call of the Chair.]

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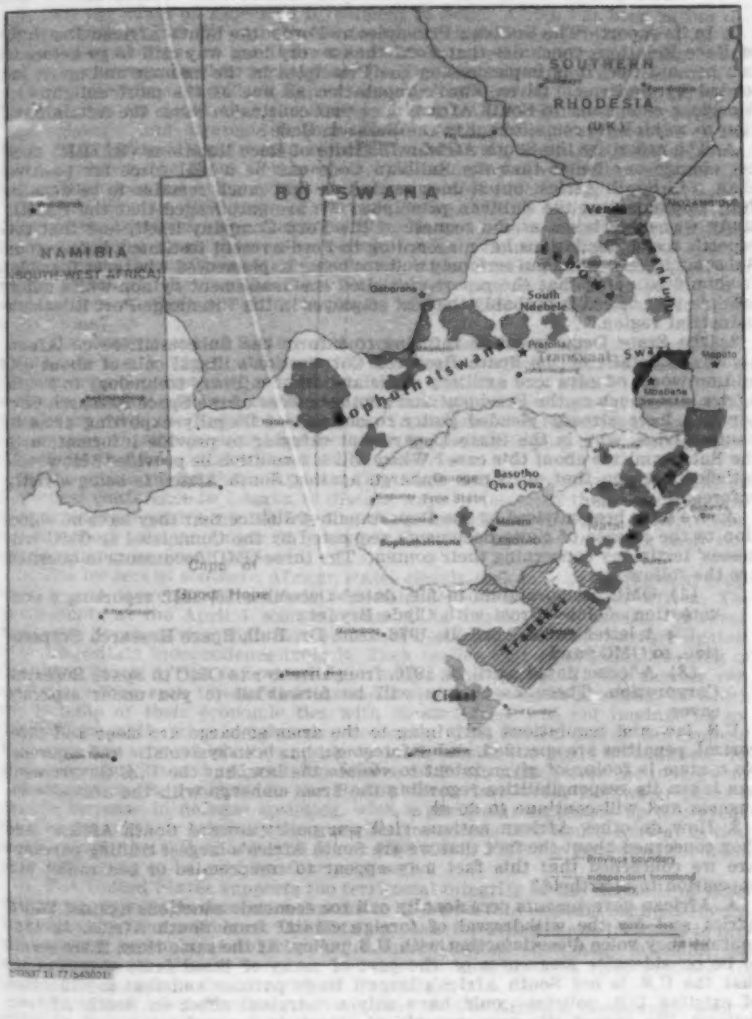
# APPENDIX 1

## SOUTH AFRICA: HOMELANDS


SOUTHERN
RHODESIA
(U.K.)
BOTSWANA
NAMIBIA
(SOUTH-WEST AFRICA)
Gaborone
Venda
Lebowa
Gazankulu
South Ndebele
Pretoria
Bophuthatswana
Swazi
Maputo
Mbabane
Basotho Qwa Qwa
Orange Free State
Bophuthatswana
Maseru
LESOTHO
Natal
Transkei
Ciskei
Cape of Good Hope
Province boundary
Independent homeland boundary

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# APPENDIX 2

## Additional Questions Submitted by the Subcommittee to Assistant Secretary of State Moose and Responses Thereto

1. In its report, "The Sullivan Principles at Ford," the South African Institute of Race Relations concludes that Ford "has a very long way still to go before it can be said that it is implementing the Principles in the manner and spirit intended by Sullivan." Given Ford's reputation as one of the most enlightened American companies in South Africa, does that conclusion cause the Administration to rethink its commitment to the Sullivan Code?

A. The report by the South African Institute of Race Relations (SAIRR) does not change our belief that the Sullivan Code can be a real force for positive change in South Africa, but it does remind us that much remains to be done in fully implementing the Sullivan principles. We are encouraged that the SAIRR study was undertaken at the request of the Ford Company itself, and that the report's recommendations have, according to Ford's recent testimony before your Subcommittee, been taken seriously and are being implemented wherever feasible. It should be noted that the report also cited the assessment by non-white union officials that "Ford is probably the best employer in the Uitenhage-Port Elizabeth industrial region."

2. The State Department is refusing to inform the Subcommittee on Africa about the details of the Space Research Corporation's illegal sale of about $50 million worth of advanced artillery shells and other military technology to South Africa. Inasmuch as the President and another officer of the Space Research Corporation have already pleaded guilty to charges of illegally exporting arms to South Africa, why is the State Department refusing to provide information to the Subcommittee about this case? When will information be provided? How well satisfied are you that our arms embargo against South Africa is being strictly enforced?

A. We have been advised by the Department of Justice that they have no objection to the release of those documents requested by the Committee or OMC witnesses' testimony concerning their content. The three OMC documents in question are the following:

(1) OMC Memorandum to file, dated December 16, 1975 reporting a conversation of John Frost with Clyde Bryant;

(2) A letter dated April 21, 1976, from Dr. Bull, Space Research Corporation, to OMC; and

(3) A letter dated April 23, 1976, from Director to OMC to Space Research Corporation. These documents will be forwarded to you under separate cover.

U.S. law and regulations pertaining to the arms embargo are clear and categorical, penalties are specified, and enforcement has been systematic and rigorous. No system is foolproof given intent to violate the law, but the U.S. Government has taken its responsibilities regarding the arms embargo with the utmost seriousness and will continue to do so.

3. How do other African nations view our policy toward South Africa? Are they concerned about the fact that we are South Africa's largest trading partner? Are we concerned that this fact may appear to compromise or contradict our opposition to apartheid?

A. African governments occasionally call for economic sanctions against South Africa and for the withdrawal of foreign capital from South Africa. In that context they voice dissatisfaction with U.S. policy. At the same time, there seems to be considerable awareness on the part of many of these same governments that the U.S. is not South Africa's largest trade partner and that modification of existing U.S. policies would have only a marginal effect on South African policies. We cannot cite any example of a serious demarche from an African government on the subject of our trade with South Africa. In this connection, it should be recalled that a number of African countries maintain robust trade relations with South Africa without acknowledging any weakening in their own opposition to apartheid.

4. After closely studying the issue of American investment in South Africa, former Senator Dick Clark concluded two years ago, "The net effect of American investment has been to strengthen the economic and military self-sufficiency of South Africa's apartheid regime." Would you disagree with that judgment? Since that statement the critical and strategic work of the Fleur Corp. on converting coal to oil in South Africa proceeded much further. Is Senator Clark's statement truer today?

A. The net effect of American investment in South Africa has been rather diverse—creating jobs for Americans in export industries, profits for U.S. investors, contributions to the U.S. trade balance, as well as strengthening South Africa's economy. In this perspective, the Department cannot endorse the formulation cited from the Clark Report, since the effect cited is but one of several. There can be no doubt that the South African SASOL coal-to-oil process is of both economic and strategic importance to South Africa, but the role of the Fluor Corporation is construction of facilities following South African blueprints. For this reason, the Fluor Corporation could be replaced by another engineering firm; Fluor does not bring to this project any unique technology of expertise.

5. In the Spring, 1980 issue of *Foreign Policy*, Desaix Myers and David Liff suggest the Administration make further efforts to "encourage American businesses to play a more progressive political role in South Africa." They specifically suggest the assignment of additional labor attaches to our consulates in South Africa and having the State Department urge companies to publish annual reports on their activities in South Africa. How do you respond to these suggestions?

A. The Department of State has no present plans to assign additional labor attaches to South Africa, although this is an option which might be exercised in the future as circumstances warranted. Public company reports on their activities in South Africa could be a useful way of encouraging investors to press for fuller compliance with the Sullivan principles. In general, the Department has acted in a variety of ways to encourage American businesses to play a more progressive role in South Africa, and will continue to do so.

6. The states of Southern Africa, other than South Africa, recently held an important conference in Lusaka to discuss ways of fostering their own economic interdependence and ways of lessening their dependence on South Africa. What are the short-term or long-term prospects for these nations to lessen their economic reliance on South Africa?

A. The leaders of southern African states clearly seek to improve regional cooperation and thereby reduce their economic dependence on South Africa. The participants at the April 1 economic summit in Lusaka were careful, however, to assure South Africa that they were not declaring economic warfare against it or immediate independence from it. They realize that significant lessening of ties with South Africa is necessarily a longer-term project. In the shorter run, we believe they seek to establish instead a more balanced relationship in which the benefits of their economic ties with South Africa will not impinge on expanded ties with other neighboring countries. The United States Government will seek ways by which it can appropriately assist the goals of enhanced regional cooperation and reduced dependence on South Africa over the longer run.

7. According to a report in the Boston Globe last week, Botswana plans a sizable increase in defense spending, with a particular emphasis upon preventing the use of their territory for guerrilla incursions into South Africa. Is that a goal which the U.S. shares and is our $500,000 in FMS for Botswana for fiscal year 1981 going to be used for that purpose?

A. The United States supports the territorial integrity of the Republic of Botswana and respects its determination not to be drawn into regional conflicts involving any of its four neighbors. The FMS proposal for Botswana is intended to provide modest amounts of vehicles and communications equipment to enable the small Botswana defense force to increase its mobility and thus enhance its capacity to maintain the integrity of its borders.

8. Does the Administration believe that South Africa's homelands policy, either in its present form, or if significantly changed, offers any hope as a vehicle for peaceful change in South Africa?

A. South Africa's homelands policy appears to function more as an obstacle to peaceful change than as a vehicle for peaceful change. The extent of modifications to that policy presently being officially suggested by the South African Government, even if implemented fully, would not change that judgment.

9. Does the political solution achieved in Zimbabwe make the South African Government any more or less likely to institute new multiracial power sharing arrangements in South Africa? Would an internationally-recognized settlement in Namibia make the South African Government any more or less likely to share power in South Africa?

A. While favorable outcomes in Zimbabwe and possibly in Namibia could favorably affect opinion within South Africa on the question of multiracial power-sharing within that country, this must remain conjectural for the time being. At present, it is not clear that the South African Government, whatever develops in Zimbabwe and Namibia, is giving serious consideration to genuine power-sharing arrangements within South Africa.

10. By refusing to advocate stronger economic measures against South Africa in the absence of a Namibia settlement doesn't the Administration give the South African Government one more reason to delay a resolution of the Namibia issue?

A. In the Department's view, sanctions should only be considered as a last resort if it is clear that negotiations will not succeed or that South Africa is merely attempting to stall with no intention of agreeing to a settlement. Negotiations currently are in an active stage and progress has been made in recent months in resolving remaining issues and narrowing differences among the parties. In the short run, if sanctions were applied, it would be likely to lead to a cessation of negotiations and an intensification of the conflict without in any way enhancing the real chances of a lasting settlement. This is an outcome that we believe none of the key parties to the settlement effort—including not only the Contact Group but also the UN and the Front Line—would welcome.

11. The Administration has strongly endorsed the Sullivan Principles. In terms of bettering the lives of employees or applying pressure for systemic change in South Africa, how great would you say the difference is between American firms who are Sullivan signatories and those who are not? Between American companies, other foreign companies, and South African companies?

A. Launched in 1977, the Sullivan principles have already had a clear impact in measurably bettering the lives of the employees of American investors in South Africa and in inducing other foreign investors there, plus a number of South African firms, to improve their employment practices. It is difficult, however, to accurately measure the difference between the practices of signator and non-signator U.S. firms. Some of the non-Sullivan signatories claim to be implementing similar employment codes, or comparable measures, on their own initiative. However, because the Sullivan signatories now regularly submit standardized evaluation reports, we have a more accurate and systematic means of evaluating progress to date. Comparisons between the employment practices of American and other foreign or South African firms are likewise difficult because the non-American firms have not yet gone as far as the Sullivan group has in monitoring implementation of their codes. Reports we have received informally from South African non-whites and other independent sources indicate, however, that American firms in general have a somewhat better record in employment practices than do their non-American counterparts. It is the judgment of the U.S. mission in South Africa and of the Department that, while some other codes of conduct (such as the EEC code) may in some respects contain some more stringent provisions, their actual impact on the situation within South Africa has been less than that of the Sullivan Statement of Principles.

12. In 1978 the House approved by an overwhelming margin the Evans Amendment to the Eximbank. This amendment banned Eximbank loans to the Government of South Africa and limited other Eximbank loans to those South Africans companies which have endorsed and proceeded to adopt the Sullivan principles. How has this amendment worked out and why was it opposed by the Administration?

A. Since 1964, the Eximbank has been prohibited from making direct loans to South Africa. The 1978 Evans Amendment bans the use of Eximbank facilities for agencies of the South African Government and also for South African private firms unless the Secretary of State certifies that the buyer has adopted specific fair employment practices. The State Department has since developed a questionnaire to solicit information from South African firms seeking to use Eximbank facilities. To date, only two South African firms have submitted completed questionnaires, and these are currently being processed. In another case, the South African Government refused to give permission for a South African company to provide the information requested in the questionnaire.

The Administration did not take an official position for or against the original amendment offered by then Representative Tsongas to prohibit any Eximbank lending to South Africa, nor did we take any position on the later Evans Amendment. We did state at the time however, that the Administration was opposed to any attempt to construct a list of countries ineligible to receive Eximbank financing, and to any legislative restrictions on the Executive's authority to set Eximbank policy.

13. A little over a year ago, the State Department wrote that "the United States has not made it a policy objective to keep essential goods and services from reaching the South African military and police" and that therefore such sales from overseas subsidiaries of U.S. corporations and from non-U.S. corporations are not affected by U.S. law." This interpretation allows General Motors, for example, to sell vehicles to the South Africa military and police if the vehicles have neither U.S. content nor U.S.-sourced technology. Why has the State Department chosen to interpret export bans to South Africa in so narrow a way as to allow these sales? Doesn't such an interpretation allow U.S. subsidiaries to make sales which contribute to South Africa's defense capacity? In attempting to clarify this matter the State Department said the objective of our export regulation was to "prevent export of U.S. origin goods to the South African military and police" rather than having the broader objective of keeping these goods out of the hands of the South African military and police. Why have we insisted upon so narrow an interpretation of the regulations?

A. Section 6(a) of the Export Administration Act of 1979 authorizes the President to "prohibit or curtail the exportation of any goods, technology, or other information subject to the jurisdiction of the United States or exported by any persons subject to the United States, to the extent necessary to further significantly the foreign policy of the United States." The United States has gone considerably beyond the mandates of Security Council Resolution 214 and the practice of other states in enforcing a severe ban on exports to the South African military and police. The U.S. Government has not, however, prohibited exports to the South African military and police by third-country affiliates of U.S. corporations for several reasons. First, the assertion of far-reaching extraterritorial jurisdiction by the United States could harm relations with friendly states and their nationals, including affiliates of U.S. firms based in those countries and subject to their trade policies. In this regard, other countries, including a number of our closest allies, have expressed their disagreement and displeasure with the extraterritorial reach of other American legislation. Second, a perceived infringement upon foreign sovereignty could result in retaliation against U.S. firms doing business abroad and might provoke foreign governments to assert their control over foreign subsidiaries incorporated in the United States. Recent enactment by several countries of statutes to thwart the reach of American antitrust statutes evidences the existing dangers. Third, the ability of the United States to monitor and enforce third-country affiliates' compliance with export controls is limited in view of the restrictions on access to information and the possibility, evidenced by a number of examples, that the country of incorporation may refuse to permit investigations and discovery.

14. It is estimated that the South African Government spends about 10 times the amount of dollars per capita on white education as on black education. Twenty-five years earlier, this ratio had been somewhat less onesided: about 7.5 to 1. Per capita spending on colored students is estimated to be only about one-fourth to one-fifth of per capita spending on white students. Has the U.S. Government had any recent discussions with the South African Government about spending on non-white education? About the conditions which have recently caused colored students and teachers to stage an extensive boycott? About the limitations which grossly unequal spending on education places on non-white economic advancement?

A. From their contacts with U.S. Embassy and Consulate General officials in South Africa, and on the basis of U.S. Government public statements on the subject, South African officials are well aware of U.S. Government views that there are serious disparities in expenditures on education.

15. What signs if any does the South African Government give of a willingness to sit down with authentic black leaders and commence discussions about the future direction of South Africa?

A. The South African Government has been willing to discuss substantive issues with leaders of its own choosing. It has, however, been unwilling to allow blacks the kind of free and open political process that would allow them to name leaders who would demonstrably be authentic spokesmen. The willingness of the South African Government to permit such a process to begin would be genuinely significant, and would be identified by the U.S. Government as such; to date, despite a degree of political ferment and talk of change, it has not occurred.

16. On the night of September 22 a U.S. satellite detected what was thought to be a nuclear explosion off the coast of South Africa. Has this explosion ever been confirmed? Does the Defense Department think a nuclear explosion took place? Irrespective of whether an explosion took place, does South Africa have the capacity to make a nuclear device? Does it have the ability to make highly enriched uranium? If the South Africans do not have the capacity to build and explode a nuclear device why did they go to the trouble of building a test site in the Kalahari desert two and a half years ago?

A. With regard to the suspected nuclear event of September 22, the Department of State recently provided the Chairman of the Foreign Affairs Committee an extensive report. We cannot at this time go beyond the information of that report, but hope that in the near future the final report of the panel convened by the President's Science and Technology Adviser will be completed and made available to the Committee.

17. Some South African military officers have argued that South Africa should establish its defensive lines further north than its existing territorial boundaries. To what extent does this indicate that the South African military are not interested in accepting the U.N. and Western Five proposal on Namibia? To what extent do the military play a dominating role in the Namibia negotiations between South Africa and the Western-Five Contact Group?

A. It appears that all major decisions on Namibia are made in the Cabinet. It is our belief that the military has played an important but not dominant role in advising the Cabinet.

18. Shortly after the Carter Administration took over, there were a number of signs that indicated it would adopt a more activist policy with respect to South Africa. Vice President Mondale was named special coordinator for Africa policy and he met with the Prime Minister Vorster in Austria to urge him to speed up reforms in South Africa. Secretary Vance also made a number of speeches (one before the NAACP and one in Atlantic City) indicating we were going to move ahead on South Africa. What accomplishments can the Administration point to demonstrate its more activists position? And to what extent did we jetison our efforts in South Africa in order to promote settlements in Zimbabwe and Namibia? Will the conclusion of these two problems areas pretend a more activist policy with respect to South Africa?

A. The point covered under this question were dealt with extensively in Mr. Moose's statement of April 30 before the subcommittee. The Department does not believe it can usefully add to the statement made at that time.

# APPENDIX 3

## Response of Hon. Richard Moose, Assistant Secretary of State for African Affairs, to Question Posed by Subcommittee Chairman Solarz

In 1978, writing in Foreign Affairs, C. Clyde Ferguson's and William Cotter's suggested 41 possible steps the United States might consider to express our disapproval of apartheid and to seek change in South Africa. Has the Administration adopted or considered adopting any of these measures?

1. Issue a presidential condemnation of the bannings, detentions and other police actions in South Africa.

*Comment.*—The U.S. Government has on numerous occasions condemned bannings, detentions, and other police actions in South Africa. The President has been directly associated with this effort. In addition, in response to Congressional requirements, the State Department prepared a comprehensive Human Rights report on South Africa in 1980, which described in considerable detail bannings, detentions and other human rights violations committed in South Africa.

2. Give presidential attention to detained black dissidents in South Africa (as has been done in the case of Russian dissidents).

*Comment.*—Presidential attention has been expressed both directly to the South African Government and through public statements by Administration spokesmen.

3. Reiterate that under no circumstances would the United States intervene militarily to assist the white South African government in suppressing a black revolution.

*Comment.*—Although it is not the practice of the United States to address publicly future contingencies, the Administration has made clear its determination not to provide military assistance to the South African Government.

4. State that under no circumstances would the United States recognize the Transkei. Bophuthatswana, or any other so-called independent homeland.

*Comment.*—The United States Government has stated its firm opposition to the homelands policy of the South African Government and its determination not to recognize such entities.

5. Eliminate U.S. commercial, defense and agricultural attaches to South Africa and end all U.S.-South Africa cooperative agency agreements, such as those with the Treasury and the Defense Departments.

*Comment.*—The U.S. Government has greatly reduced attache staffs in South Africa. No U.S. personnel in South Africa are assigned to perform principally commercial functions. The office of the Defense Attache has been reduced from five to two officers. The Agricultural Attache has not been removed because of value of his reporting and the support he provides to other missions in the region.

6. Institute an expanded educational and cultural exchange program with South African Blacks, Coloureds, Asians and institutions and individuals working for meaningful change.

*Comment.*—The United States Government has instituted an expanded educational and cultural exchange program administered by the International Communications Agency. This program has given particular attention to training in journalism, social work and labor organizing. In addition the Government has encouraged and supported efforts of private groups to expand educational opportunities for South Africans.

7. Increase the number of black American staff members in the U.S. Embassy in South Africa (including, possibly, the appointment for the first time, of a black American Ambassador).

*Comment.*—At the present time the Deputy Chief of Mission and the Branch Public Affairs Officer in Johannesburg are black. As a matter of policy, the State

Department is interested in assigning qualified officers from all races to our posts in South Africa. The Department has not set ceilings or quotas for the number of black officers which should be assigned to South Africa.

8. Instruct the U.S. Ambassador or Deputy Chief of Mission to attend all political trials, inquests and other judicial proceedings in South Africa to show solidarity with the accused and the oppressed.

*Comment.*—U.S. officials attend all major political trials and inquests. The appropriate level of attendance is generally left to the judgment of the Ambassador.

9. Arrange for the President to meet with liberation movement leaders from South Africa and Namibia when they visit this country. (He has met Chief Gatsha Buthelezi but he should also talk with such recognized liberation leaders as Oliver Tambo, President of the African National Congress; P. K. Leballo, Acting President, Pan-Africanist Congress of Azania; and Sam Nujoma, President of the South West Africa People's Organization of Namibia.)

*Comment.*—Recognized liberation leaders have had access to other high officials.

10. Cease condemnation of the efforts of blacks in South Africa to achieve their freedom by forceful means and, in reaffirmation of the principles enunciated in the Declaration of Independence, acknowledge their right to use whatever means are necessary to achieve self-determination when moderate paths fail.

*Comments.*—It has been U.S. policy to encourage peaceful change. Although the United States deplores the use of violence, it recognizes that the risk or presence of violence can in no way negate the need for change.

11. Encourage U.S. sports figures to participate in the growing sports boycott of South Africa.

*Comments.*—It is United States policy not to offer encouragement or support for sports exchanges with South Africa. Special Presidential emissary Muhammed Ali reaffirmed this policy during his recent African tour.

12. Cease all intelligence cooperation with the South African Government.

*Comment.*—It is not our policy to comment publicly on intelligence-related issues.

13. Downgrade our representation from ambassadorial to charge level in South Africa and close our outlying consulates. (This obviously would only come after earlier U.S. Embassy changes fail to bring about change.)

*Comment.*—This action has not been deemed appropriate under present circumstances. Any such reduction would limit the ability of the United States Government to stay in contact with forces for change within South Africa.

14. Join the U.N. Council on Namibia, the Apartheid Committee and other bodies of the United Nations engaged in increasing international pressures on South Africa.

*Comment.*—The United States has not joined the U.N. Council on Namibia and does not intend to join the Council. In association with the UK, France, West Germany, and Canada, the United States has been actively engaged in negotiations which would lead to UN-supervised elections and an internationally-recognized independent Namibia. With respect to other UN bodies, the United States has consistently made its strong opposition to *apartheid* clear.

15. Put the U.S. visa policy toward South Africa on a reciprocal quid pro quo basis (unlike the current situation where white South Africans are free to travel to the United States while U.S. Congressmen, journalists, academics, black American leaders and others are regularly denied visas to visit South Africa).

*Comment.*—Under the Immigration and Naturalization Act, it is not possible to maintain a reciprocal quid pro quo visa policy. However, we have brought up specific cases of visa denial to the South African authorities on a regular basis. We have also imposed restrictions on the travel of South African military and police officers to the United States.

16. Finally, as argued previously, make it clear that South Africa's internal situation itself—not merely the supply of arms to South Africa—constitutes a threat to peace under Chapter VII of the UN Charter. (The arms embargo is ambiguous on this point.)

*Comment.*—While the United States has described the present dangers of the *apartheid* system for all people in South Africa, the Security Council has not determined that it is a threat to peace under Chapter VII of the UN Charter.

17. Tighten further the definition of what constitutes "military" equipment.

*Comment.*—Since this article was published, the President has declared a ban on exports of U.S. origin goods and technology to or for the use of the South

African military or police. The text of the implementing regulations has been supplied separately to the Subcommittee.

18. Terminate the sale of weapons-grade uranium to South Africa and end all other nuclear collaboration.

*Comment.*—Since 1975 there have been no such sales or collaboration.

19. Encourage our allies, particularly the Israelis, French and Italians, to abide by the UN mandatory arms embargo and to give the broadest possible interpretation to such "gray areas" as the provision of spare parts, components and repairs, light aircraft (including civlian aircraft), the training of South African military personnel (including correspondence courses and participation at conferences), and cooperaton in research and development of military know-how (including the testing of military equipment).

*Comment.*—The United States has encouraged our allies to give the broadest possible interpretation of the UN arms embargo and to enforce it strictly.

20. Make certain that NATO does not collaborate with South African military personnel in any fashion and make it explicit that the NATO umbrella does not extend to protect South Africa from internal or external military pressure.

*Comment.*—This position reflects current U.S. policy and practice.

21. Offer political asylum in the United States to South African refugees and facilitate the issuance of travel documents and visas for such individuals.

*Comment.*—The U.S. Government follows a liberal policy of political asylum for South African refugees under existing refugee legislation, and makes every effort possible under current immigration legislation to facilitate the travel to the United States of such refugees.

22. Increase scholarship assistance for such refugees to enable them to attend both technical and higher educational institutions in Africa and in the United States.

*Comment.*—The U.S. Government has been very active in this field, within the limitations on funding for such activities, both directly and through contributions to the specialized agencies of the United Nations.

23. Contribute substantially to the UN Trust Fund for South Africa, a voluntary fund used for legal assistance, educational and refugee relief.

*Comment.*—The United States contributed $300,000 to this fund in fiscal year 1979. For fiscal year 1980, a contribution of $400,000 has been proposed.

24. Support multilateral (via the Organization of African Unity or the United Nations) or bilateral programs of humanitarian assistance to the liberation movements, including the provision of educational and medical supplies.

*Comment.*—The U.S. does not support liberation movements. As individuals, members of these organizations or their families have received humanitarian assistance of the kind described as a result of U.S.-funded programs or contributions to UN activities.

25. Increase support to the Front Line African states affected by their proximity to South Africa. These states include Angola, Botswana, Lesotho, Mozambique, Swaziland, and Zambia. These nations have been shouldering huge economic losses resulting from the liberation struggle in southern Africa, and unless there is a change of course in South Africa, are likely to suffer even more in the future. Botswana and Lesotho are particularly vulnerable to "counter-pressures" by the South African Government, and the international community should be making contingency plans now for supplying needed resources to these countries (including oil) in the event of South African cutoffs.

*Comment.*—Section 533(b) of the Foreign Assistance Act provides that:

[n]o assistance may be furnished under this section to Mozambique, Angola . . . or Zambia, except that President may waive this prohibition with respect to any such country if he determines, and so reports to the Congress, that furnishing such assistance to such country would further the foreign policy interest of the United States."

Moreover, Section 114 of the Foreign Assistance Appropriations Act of 1979, which is still in force under the continuing resolution, provides that:

"[n]one of the funds appropriated or made available pursuant to this Act shall be obligated or expended to finance directly any assistance to Mozambique or Angola; except that such funds shall be available to finance the completion of the training of Angolan students who started training prior to fiscal year 1978."

In addition to the above considerations, the provisions of military assistance to states which were engaged in the use of force against South Africa in violation of Article 2(4) of the UN Charter would be illegal.

U.S. economic assistance to Botswana, Lesotho, Swaziland, and Zambia has increased in the last several years. It is not clearly established that "huge economic losses resulting from the liberation struggle in southern Africa" will be a continuing characteristic of the regional scene in the aftermath of the Rhodesian settlement and independence of Zimbabwe; nor that the current regional relationships create an imminent threat of "South African cutoffs" of resources to these countries. However, the United States is sympathetic to the emerging efforts among southern African states to forge regional development programs. These efforts took more specific forms at the 1979 and 1980 meetings in Arusha and Lusaka and we shall be monitoring developments in this area closely.

26. Discourage foreign business expansion in South Africa and vote for the Swedish resolution in the United Nations which calls for no new international investment. This should not cause excessive domestic political problems for the Administration since some 30 American companies in South Africa have already decided to freeze their current level of investment for the next five years, and another seven are actually planning to pull out. Among those that have adopted a policy of non-expansion of their subsidiaries in South Africa are Control Data, Ford and General Motors. Polaroid has just pulled out.

*Comment.*—The United States neither encourages nor discourages investment in South Africa. When asked, the Department describes to American companies our assessment of the political situation in South Africa and the risks that it may hold for the future unless there is a fundamental movement away from the system of apartheid.

27. Advise U.S. businesses that if they decided to stay in South Africa, they do so at their own risk and that, in the event of difficulties with liberation movements, the U.S. Government would not protect them.

*Comment.*— U.S. businessmen should be fully aware of the risks which they are taking in investing in South Africa and that the United States Government might well be unable to protect their interests in the event of difficulties with liberation movements or other disruptions to the internal stability of the Republic of South Africa. There are no OPIC guarantees for South Africa.

28. Encourage U.S. firms in South Africa to establish fair employment practices *including* a new program to recognize and deal with black labor unions. This latter point is significantly absent from the so-called Sullivan Principles (named for Rev. Leon Sullivan, a black American board member of General Motors) which have now been adopted by 54 U.S. firms, but *is* included in the Common Market code adopted by the EEC.

*Comment.*—Since the publication of this article, the Sullivan Principles have been enlarged to include recognition of black trade unions. The Department supports these principles, including the practice of recognizing and dealing with black trade unions by American corporations.

29. Amend Executive Order No. 10925 so that, with respect to U.S. businesses in South Africa, fair employment practices in their South African enterprises would be made a condition for their eligibility for U.S. Government contracts.

*Comment.*—The reference to Executive Order 10925 is incorrect. E.O. 10925 was superseded by Executive Order 11246 of September 24, 1965, 30 Fed. Reg. 12319 (Sept. 28, 1965). The Department of Labor, which has been delegated the responsibility for implementing E.O. 11246, has issued regulations expressly exempting from the requirements of the equal employment clauses "contracts and subcontracts . . . with regard to work performed outside the United States by employees who were not recruited within the United States."

Assuming the President could amend E.O. 11246 as suggested, effective enforcement of the fair employment requirements in South Africa (or any foreign country) could prove to be difficult.

30. Eliminate Export-Import Bank facilities still available to South Africa. (Current policy permits insurance and guaranteed coverage in commercial sales. It normally limits the terms of such coverage to two to five years but the limit can be extended if necessary.)

*Comment.*—In October, 1978, the Ex-Im Bank Act was amended by the so-called Evans Amendment to restrict Ex-Im facilities for South Africa to private firms which are implementing certain equal employment principles. We have since developed a questionnaire to solicit information from interested South African companies. While some companies have requested these questionnaires, none to date have returned them to apply for guarantees. Acting under its Protection of Businesses Act, the South African Government has recently decided that permission to provide the information requested in the questionnaire will be considered only if requested by an overseas company which holds more than 50 percent of the shares of the South African subsidiary involved. There have been no new authorizations for Ex-Im financing for exports to South Africa since September, 1978.

31. End U.S. Department of Agriculture Commodity Credit Corporation (CCC) credits to South Africa.

*Comment.*—The CCC budget was heavily oversubscribed for FY 1979 and FY 1980, and no credits were made available to South Africa. This decision does not preclude South African purchasers from requesting CCC credits for fiscal year 1981, though we would review such request closely and carefully. Under present circumstances, it is unlikely that approval would be given.

32. Warn U.S. traders with South Africa that they should be seeking alternative suppliers since the security of supply, given the unsettled internal conditions, cannot be guaranteed.

*Comment.*—We regularly brief American businessmen on the political, economic, and social conditions in South Africa, and they are well aware of the internal problems there. However, for many of the products purchased from South Africa, including several important minerals, there are few if any alternative suppliers readily available.

33. Discourage the travel of U.S. tourists to South Africa—now totaling more than 50,000 a year. American tourism constitutes an important source of foreign exchange for the South African government as well as a major propaganda asset.

*Comment.*—Freedom of travel is considered a basic human right, and this Administration has sought to reduce travel restrictions on U.S. citizens rather than increase them. Under 22 U.S.C. Section 211a, as amended in 1978, "A passport may not be designated as restricted for travel to or for use in any country other than a country with which the United States is at war, where armed hostilities are in progress, or where there is imminent danger to the public health or the physical safety of United States travelers." Under present economic conditions, American tourists do not constitute an important source of foreign exchange for the South African Government.

34. Prohibit U.S. banks and other financial institutions from providing financing to the South African Government or its parastatal corporations.

*Comment.*—Current U.S. policy is to neither encourage nor discourage private American bank lending in South Africa. We believe that unilateral U.S. Government action at this time to force American banks to restrict or suspend such loans on the basis of non-economic criteria would be detrimental to our long-term economic and commercial interests and would have little effect on the situation in South Africa. At the extreme, efforts to legislate restrictions on private U.S. bank lending could lead to retaliation against the banks in question, including a debt service moratorium and/or a default on all debts owed to U.S. banks.

35. Deny foreign tax credits to U.S. firms operating in Namibia. (This merely requires a reinterpretation by the Treasury Department of current law rather than new legislation.)

*Comment.*—Since 1970, the U.S. Government has officially discouraged American investment in Namibia. We have announced that investment rights acquired through the South African Government following the termination of the mandate in 1966 will not be protected against the claims of a future lawful government in the territory. It is the legal opinion of the Treasury Department that this measure would require new legislation and not simply a reinterpretation of existing statutes.

36. Embargo the transfer of new technology that might assist the South African Government in enforcing repression.

*Comment.*—Since 1963, the United States has embargoed the sale of arms and ammunition, as well as equipment for use in their manufacture and maintenance, to South Africa. Since November 1977, the United States has prohibited the export of any commodities and technical data for delivery to or use by the South African military or police. Regulations giving effect to this decision were issued by the Department of Commerce on February 16, 1978. We have also tightened restrictions on the sales of dual-use items like civilian aircraft and computers which can be used to enforce apartheid.

37. Enforce Decree No. 1 of the UN Council on Namibia calling on all states to seize any exports from Namibia which reach their shores and to hold them in trust for the Namibian people.

*Comment.*—Any attempt to enforce Decree No. 1 of the UN Council on Namibia would raise a host of complex legal questions. We are now in the process of intensive negotiations to convince South Africa that a just and internationally recognized settlement in Namibia is in their interest as well as ours. Should these efforts fail, we will need to consider the use of economic sanctions to obtain South Africa's compliance with the UN Plan.

38. Reduce or terminate landing rights for South African Airways in the United States.

*Comment.*—Unilateral suspension of South African Airways (SAA) operating rights to the U.S. would require abrogation of the bilateral civil aviation agreement. Under the terms of that agreement, the United States would be required to give one year's notice before reducing or terminating South African landing rights. The United States has never unilaterally abrogated an aviation agreement. Even when our relations with another country have led us to a mutual agreement to suspend services, we have left the basic agreement in place for future use.

39. Prohibit the importation of South African goods into the United States on the grounds that they violate U.S. laws banning importation of goods produced by "slave" labor.

*Comment.*—This option apparently refers to 19 U.S.C. Section 1307, which prohibits the importation of "all goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions . . ." It is extremely unlikely that this statute could be read to authorize the banning of all goods produced in South Africa, since non-white labor in South Africa, even though subjected to discrimination, is not "convict labor," "indentured labor under penal sanctions," or "forced labor" as that term is defined in the statute. New legislation would therefore be necessary to implement this option.

40. Use U.S. influence in the International Monetary Fund (IMF) and in other ways to depress the world gold price. This could severely reduce South African foreign exchange earnings, which now help cover its enormous trade deficit.

*Comment.*—The primary purpose of the IMF is to maintain the stability of the international monetary system. It would therefore be inappropriate for this organization to attempt to disrupt the workings of an international commodity market, particularly a commodity such as gold which, although "demonetarized," remains a factor in international financial markets. Even were we to embark on such a course, we would not have sufficient votes to reach the 85 percent majority that would be required to make a decision to sell the gold. The disruption of the gold price would likely prove temporary and it is doubtful that there would be significant permanent effects oh South Africa. At the same time, it could prove harmful to the IMF and to the many nations, including the United States, that continue to hold gold as an asset. The principal users of the IMF, mostly developing countries which rely on the organization for balance of payments support, would suffer the most from the dissipation of the Fund's assets.

41. Use our influence with Iran (South Africa's principal oil supplier) and with U.S. oil companies (the principal refiners) to get them to abide by the international oil boycott of South Africa.

*Comment.*—Since the overthrow of the Shah last year, Iran has embargoed the sale of oil to South Africa. Unilateral action by U.S. oil companies would not prevent oil from being refined in South Africa, and multilateral action would, given the porosity of world oil markets, be difficult to enforce. Under present circumstances, we believe more measured actions may be more effective in promoting peaceful change in South African Government policies in Namibia and in South Africa itself.

# APPENDIX 4

## STATE DEPARTMENT RESPONSES TO ADDITIONAL QUESTIONS ON SOUTH AFRICA SUBMITTED BY THE SUBCOMMITTEE

**Question:** What are the key elements of our policy toward South Africa? What actions have we taken in support of these policy objectives? During the first year of the Carter Administration, Vice President Mondale met with South African Prime Minister Vorster to outline U.S. policy toward South Africa. In what ways have the Administration's policies toward South Africa changed during the past three years? In what ways does the Carter Administration's policy differ from that of its predecessors? How would you characterize our present relations with Pretoria?

**Answer:**

-- The key elements of our policy toward South Africa have been: -to gain South African acceptance of arrangements for the peaceful transition to independence of Zimbabwe; -to secure South African agreement for implementation of the UN plan for the transition to an independent Namibia; -to foster peaceful change in South Africa away from the policies and structures of apartheid; and -to secure South African agreement to the placement of full scope safeguards on South African nuclear facilities.

-- The main lines of our policies have remained constant over the past three years; two more noteworthy changes were the agreement in November 1977 to the UN arms embargo and the unilateral imposition in February 1978 of an embargo against any sales to the South African military or police.

-- Although all recent administrations have stated their firm opposition to South Africa's internal policies, I believe that it is fair to say that the Carter Administration has been more determined and active in its opposition.

-- At present our relations are uneven: they reflect the shared interest in peaceful political change and economic growth in the region and our longstanding opposition to South Africa's internal policies.

**Question:** Are there instances in the last few years which show that pressure from the United States and or other Western nations has made a significant difference in South Africa?

**Answer:**

-- There have not been specific instances in which United States or Western pressure has made a significant difference within South Africa.

-- The one area in which change within South Africa has become significant is in labor relations, but this change is more a potentially long-term process that is only beginning than a specific instance.

-- External influences, such as the activities of the Sullivan Code signatory firms and certain European investors, have contributed impetus to the motion for change in labor relations, but one cannot claim that this influence has been the most important determining factor in the direction or pace of change.

-- This influence has had its effect because it has reinforced certain factors already apparent in South Africa: the desire to do away with the economic inefficiencies of apartheid, the need for a more skilled work force, the preference of employers for stable living conditions for their workers, and the general realization that a healthy future for South Africa's economy would have to include the full participation of all parts of the population in the more advanced sectors.

-- But this is not to say that our overall approach and policy position does not influence the internal debate within South Africa. One cannot, however, measure that influence.

**Question:** How far does the Administration believe it should go in actively promoting social, economic, and political change in South Africa?

**Answer:**

-- Although there is no clear demarcation line to tell us the limits we should observe, I believe that our judgments on this issue should reflect both our own interest in and commitment to peaceful change in South Africa and certain guidelines that might operate as restraints on our actions.

-- One such restraint is whether, under prevailing circumstances, any course of action would be effective in terms of reaching a defined objective; for example, restrictions on capital transfers would be a greater source of pressure on the South African Government when it is short of foreign exchange reserves or investment capital than such restrictions would be at the present time.

-- Another such restraint is the impact that such actions have on other U.S. interests, such as our ability to work for peaceful change elsewhere in the region or to keep workers in our export industries employed.

-- In addition to these practical limitations, there are limitations of principle that govern relations between states, such as against direct intervention in internal affairs and the use of force.

-- However, as our objective is to encourage change so that South Africans can freely determine their future rather than for us to decide it, these limitations do not cripple our ability to pursue this goal.

Question: Some have argued that our efforts to resolve the Zimbabwean and Namibian conflicts have placed constraints on the formulation, articulation, and implementation of our policy toward South Africa. Have our efforts to get the South African Government's cooperation on these two problems resulted in a relaxation, although temporary, of our concern and interest in seeing further progress toward social justice in South Africa?

Answer:

-- Our concern and interest in seeing further progress toward social justice in South Africa is undiminished.

-- At times in the past three years we have found ourselves in the tactical situation that the ongoing negotiating process concerning Rhodesia or Namibia or both required that we secure either the agreement or acceptance of the South African Government to some point in dispute; it is possible that in an effort to secure that agreement, the need for which could not be postponed, we may have avoided actions that we might have taken in other circumstances.

-- Although others may fault our judgments on such tactical points, I think that the record of the past three years upholds our policy: Zimbabwe is now independent; much progress has been made in the Namibian negotiations; and, there has been no falling off in our commitment to social change inside South Africa.

Questioin: In the Administration's view, how much change has occurred in the economic, social, and political fields in South Africa since the Soweto riots of 1976? Have these changes been cosmetic or substantive? What effect are they having or will they have on the black and white communities in the country? Do we believe that in the near future the South African Government might initiate discussions with leading black South Africans concerning new political power sharing arrangements in that nation?

Answer:

-- What change has occurred in South Africa is most apparent to white South Africans: first, because it relates to their own growing awareness of the eventually unworkable nature of apartheid and therefore their dissatisfaction with it; and, second, the limited changes that have taken place amount for the most part to opening up institutions and privileges previously reserved exclusively for whites to limited numbers of blacks.

-- The mass of black South Africans perceive no change for the simple reason that the limited steps taken do not in any way affect their own lives; this deepening frustration at the lack of substantial change for the better creates the possibility of a polarized political situation.

-- The South African Government continues to consider and to propose discussions with leading black South Africans concerning future constitutional arrangements, but it is not evident that the Government would be prepred to initiate such discussions with the entire range of black political leaders enjoying real support or to accept discussions not based in whole or in part on the premise of separate political structures for different racial groups.

**Question:** How have the prospects for change in South Africa been affected by Zimbabwean independence?

**Answer:**

-- We continue to believe that the evolution of the political situation in Zimbabwe will have a strong impact on events in South Africa.

-- We have already seen that Blacks inside South Africa have taken new hope from the skill with which Robert Mugabe has begun his administration.

-- White South Africans have generally viewed events in Zimbabwe as a catalyst for re-thinking their own positions. Although they often stress the difference between the Rhodesian and South African situations, both Afrikaner and English press have been warning that the South African Government should not follow in Ian Smith's path by failing to initiate change early enough; there does not seem to be any consensus on the scope of the change needed.

-- Concerning Namibia, the emergence of a pragmatic and stable government in Zimbabwe will brighten the prospects for a negotiated settlement.

Question: How would the Administration characterize the South African approach to the Namibian negotiations? Are these negotiations stalled? If so, why? Does the Administration believe United Nations sanctions would be an appropriate response if the South African position on Namibia is or becomes an insuperable obstacle to the achievement of internationally-acceptable majority rule for Namibia?

Answer:

South Africa is following a two-track policy which will enable it either to accept the UN Plan and proceed with UN-supervised elections or to impose an internal settlement which would fly in the face of world opinion. South Africa is undoubtedly seeking more time before making its final political decision on Namibia in order to assess the course taken by the Mugabe government in Zimbabwe. Negotiations on Namibia have reached a point where it will be difficult to justify further delay unless the South Africans demonstrate a serious commitment to the UN Plan and a willingness to conclude a settlement within a reasonable time frame. Negotiations are not stalled, however. We anticipate receiving a South African reply in early May to the UN's most recent proposals. We are hopeful that the reply will be positive and advance the negotiations.

The Five Contact Group members made it clear in April 1977 at the outset of their Namibia initiative, that the Five would be obliged to reconsider their opposition to action against South Africa in the Security Council if it refused to cooperate in an internationally accepted settlement in Namibia. The United States has not changed its position. However, we recognize that sanctions will not bring about a settlement on democratic terms. Therefore, we intend to press forward with the negotiations until we succeed or until it is clear that there is no hope of success.

The Suspected Nuclear Event

Q. Last September, U.S. satellites detected signals which indicated that there might have been a nuclear explosion somewhere in the vicinity of the South Atlantic or the Indian Ocean. A special report prepared by experts under the supervision of Science Advisor Frank Press was supposed to be issued by now. Why has it not been released?

A. I understand that portions of the Press Panel's findings of early January are classified. It is my understanding that these results have been shared, on a classified basis, with those members of Congress who have responsibility for non-proliferation issues.

The Press Panel is continuing to investigate the matter. We will continue to keep Congress apprised and, as appropriate, will release a public statement on the review.

Q. What is our current assessment of that situation?

A. As you know, the basic conclusion of the Press Panel, after reviewing all available information and conducting other analyses, was that it is unable to conclude whether the light signal recorded by the satellite was generated by a nuclear explosion or some other phenomenon. To date, there is no information establishing that a nuclear explosion occurred on September 22, 1979. The search for corroborative infomation will continue.

Q. What is your evaluation of the theory that the event was a nuclear explosion set off by Israel in cooperation with South Africa?

A. As mentioned above, we are unable to conclude whether the recorded signal was generated by a nuclear explosion or some other phenomenon. It obviously would not be useful, therefore, for me to speculate here on who might have been responsible for a test if one occurred.

## U.S.-SOUTH AFRICA NUCLEAR NEGOTIATIONS

**Question:** Why won't the United States support sanctions against South Africa to force it to sign the NPT and accept safeguards? Why hasn't there been any progress in negotiations with South Africa on this?

**Answer:**

-- We should not overestimate our potential leverage on South Africa on nuclear matters; that country has most if not all of the technical and material capabilities to develop nuclear weapons should it choose to.

-- We have not concluded that nuclear sanctions against South Africa would advance our basic goal--to secure South Africa's agreement to adhere to the NPT and to accept safeguards on all its nuclear facilities.

-- We remain engaged in serious diplomatic efforts toward that goal and would not accept the statement that no progress has been achieved in the discussions that have taken place to date.

QUESTION: What do we know of suspected South African nuclear weapons programs?

ANSWER: Since 1977, we have been engaged in discussions with the South Africa on the question of our nuclear relationship. Specifically, we have sought their agreement to adhere to the NPT and to accept safeguards on all their nuclear facilities and have indicated to South Africa that resumption of peaceful nuclear relations with us would depend on their cooperation in this area. The principal source of concern is the unsafeguarded nuclear enrichment facility at Valindaba.

Despite our concerns about the existence of their unsafeguarded enrichment facility, we have no evidence that the South Africans have developed or tested nuclear weapons. While there has been much speculation about the suspected nuclear event of September 22, there is to date no evidence that a nuclear explosion took place, much less that any nation or party can be held responsible. Efforts to assess and evaluate all data bearing on the suspected event are continuing.

Q. For two weeks the Colored students in South Africa have been on a massive school boycott. What indications do you have that this is spreading?

A. -- Our understanding is that the boycott began as a protest against the inferior education given to colored students; the boycott has spread to all areas of the country.

-- Press reports have listed the number of students participating in the boycott at between 30,000 and 100,000.

-- Our latest reports indicate that several hundred police charged a crowd of 1,000 students on the grounds of a colored high school in Johannesburg; several hundred of the students were held for questioning.

-- Although blacks have generally not participated in the boycott, this week classes in six schools in a black township outside Pretoria have been disrupted.

-- The situation is obviously potentially explosive, and we are continuing to monitor it clos .

## U.S. INVESTMENT AND TRADE POLICY TOWARD SOUTH AFRICA

Question: What is the U.S. policy toward investment and trade with South Africa?

Answer:

-- Consistent with our world-wide investment policy, the U.S. Government neither encourages nor discourages private American investment in South Africa. We do, however, explain to potential investors the political, economic, and social conditions existing in South Africa. We urge those who decide to invest in South Africa to institute enlightened employment practices for all of their employees, regardless of race. Such employment practices would include: fair and adequate wages, equal pay for equal work, improved opportunities for training and advancement, better fringe benefits, and recognition of representative black trade unions. In this regard, we have given our strong support to the equal employment principles launched in 1977 by Rev. Leon Sullivan and have urged that all American firms adhere to them. Similarly, we are implementing legislation passed in 1978 which reserves Export-Import Bank facilities for South Africa to firms which are proceeding toward the implementation of such principles.

-- Our trade policy has been designed to express our strong disapproval of apartheid and avoid the appearance of closeness to the South African Government. Since 1963, the U.S. has embargoed the sale of arms and ammunition, as well as equipment for use in their manufacture and maintenance, to South Africa. Since November, 1977, the U.S. has prohibited the export of any commodities and technical data for delivery to or use by the South African military or police. Regulations giving effect to this decision were issued by the Department of Commerce on February 16, 1978. We have also tightened restrictions on the sales of dual-use items like civilian aircraft and computers which can be used to enforce apartheid. Moreover, we do not maintain U.S. trade centers in South Africa nor send USG-sponsored trade missions to South Africa. At the same time, however, we do try to maintain our position in the South Africa market. U.S. firms and businessmen who wish to trade with South Africa in non-military goods and services are placed under no restrictions peculiar to that country. Our commercial sections in South Africa do provide trade facilitative services, such as identifying major South African projects which have significant export potential for U.S. .firms and assisting U.S. businessmen, upon request, in making appointments with potential South African customers.

**Question:** What are the latest figures and trends in U.S. trade and investment in South Africa? What are the levels of new U.S. investment (including bank loans) in South Africa for each of the past 10 years?

**Answer:**

-- U.S. trade with South Africa has grown significantly in recent years, primarily because of the rapid rise in the price of the minerals (i.e. gold, diamonds, platinum, ferroalloys, etc.) we import from South Africa. Our exports to South Africa (mainly machinery and manufactured goods) have remained fairly stable over the past several years because of South Africa's relatively low demand for imports during their 1974-1978 recession. The recovery of their economy last year led to a 30 percent increase in their 1979 purchases of U.S. exports. The U.S. share of the South African market has remained reasonably constant (i.e. 15-21 percent of total imports) over the last several years.

-- Direct investment by U.S. corporations in South Africa grew from about $490 million in 1966 to $1.7 billion in 1976. For the last few years, this investment has remained fairly stable, with most of the growth coming from retained earnings rather than new investments. New U.S. investments appear to have increased somehwat last year during South Africa's economic recovery, but final figures for 1979 are not yet available. American direct investment in South Africa is concentrated in manufacturing, largely the automotive and related industries, and petroleum refining. It accounts for about 15 percent of total direct foreign investment in South Africa, while South Africa represents only 1.2 percent of total U.S. investment overseas.

-- U.S. bank lending to South Africa grew from $1.2 billion in 1975 to $2.2 billion in 1976, but has declined to about $1.3 billion as of year end 1979. The high price of gold has reduced South Africa's need for foreign loans and has allowed South Africa to repay much of its previous borrowing.

## TOTAL U.S. BANK LENDING TO SOUTH AFRICA: 1975-1979*

(from both U.S. offices and foreign branches)

(in millions of U.S. dollars of outstanding credits at year end)

| 1975 | 1976 | 1977 | 1978 | 1979 |
|---|---|---|---|---|
| 1,200 | 2,200 | 2,400 | 2,000 | 1,300 |

* Source: Federal Reserve Bulletin

(only partial totals before 1975 are available)

**Question:** Does the Administration believe that American business in South Africa can be a significant force for positive change, or is our policy toward American corporate involvement largely based on a belief that the American government should not interfere in business investment?

**Answer:**

-- We believe that American business in South Africa can be a real force for positive change in two ways: first, by improving opportunities for their own Black employees; and, second by demonstrating to others the advantages of enlightened policies.

-- It is a fact that many of the steps taken initially by U.S. investors, such as desegregation of the work place, training programs for employees, and improved housing facilities, have now been followed by other foreign investors and a number of South African firms.

-- I do not mean to overstate the impact of these actions, but however limited they are in terms of total amount of change that is needed in South Africa, these actions constitute a real, even if arguably small, contribution.

-- Concerning our reluctance to interfere in business investments, I think that many businessmen would interpret our open support for the Sullivan Code as evidence that we are not so reluctant to interfere with U.S. business activity in South Africa.

Question: What is the Administration's policy on American corporate involvement in South Africa? On the Sullivan Code? Has our official policy toward American corporate involvement or the Sullivan Code changed during the Carter Administratioin? Do any of our Embassy officials in South Africa play a role in facilitating U.S. investments in or trade with South Africa?

Answer:

-- Our official policy is neither to encourage nor to discourage U.S. investments in other countries, including South Africa.

-- Concerning the activities of U.S. investors in South Africa, before the Reverend Sullivan launched his own effort several years ago, the Department of State had issued its own list of recommended standards for the practices of U.S. investors in South Africa.

-- When the Reverend Sullivan subsequently got his own efforts underway by securing the active cooperation of major U.S. investors in South Africa, the Department of State endorsed his efforts; this occurred during the Carter Administration.

-- Our official activities in support of commercial relations are kept at a minimal level: we send no trade missions to South Africa; we participate in no trade fairs in South Africa; and, although our consular officials may provide limited facilitative assistance to private parties, we have no designated commercial officers in South Africa.

**Question:** What was the Administration's role in settling the strike at Ford's Port Elizabeth facility? Does our role in this case mean future black trade unions at American firms might be bypassed while the representatives of the United States are called upon to settle labor disputes?

**Answer:**

-- As part of their regular responsibilities, our officials in South Africa have maintained contact with all of the principal parties to this dispute--Ford, the unions, and local civic leaders, which allowed us to encourage the parties to resolve this conflict by direct negotiations among themselves.

-- The black union at the Ford plant in Port Elizabeth is recognized by management and participated in the negotiations that resolved this dispute. The representative of the union in those negotiations took part in an extensive labor training program funded by the U.S. Government and organized by the Department of Labor.

-- It is neither our intention nor policy to diminish the role of black trade unions in South Africa; in fact, our approach is the opposite.

Q. Please describe current Exim Bank involvement and exposure in South Africa. How has the Evans Amendment been implemented? What effect, if any, have our policies regarding Exim had within South Africa?

A. -- As of March 31, 1980, Exim Bank exposure in South Africa amounted to $132.3 million ($95.5 million in financial guarantees, $13.5 million in commercial bank guarantees, and $23.3 million in short and medium term FCIA insurance). Since 1964, Exim has been prohibited from making direct loans to South African buyers of U.S. goods and services. However, it is permitted to guarantee bank and other private loans for South African purchases of U.S. goods and services and to provide short and medium term insurance on private U.S. financing of U.S. exports.

-- In October, 1978, the Exim Bank Act was amended by the so-called Evans Amendment to restrict Exim facilities for South Africa to private firms which are implementing certain equal employment principles. We have since developed a questionnaire to solicit information from interested South African companies. While some companies have requested these questionnaires, none to date have returned them to apply for guarantees. Acting under its Protection of Businesses Act, the South African Government has recently decided that permission to provide the information requested in the questionnaire will be considered only if requested by an overseas company which holds more than 50 percent of the shares of the South African subsidiary involved. There have been no new authorizations for Exim financing for exports to South Africa since September, 1978.

Q. Please comment on the effects of EAR 175. Some have argued that, despite its provisions, it has had little or no effect on our economic relations with South Africa. Others argue that it has had the effect of denying us markets in South Africa, now made more accessible to our competitors, without having any measurable effect on South Africa's policies. Also, why was the exemption made permitting the sale of medicines and medical supplies?

A. -- The controls on exports of US-origin commodities and technical data to the South African military and police were imposed under US Department of Commerce regulations (EAR 175) issued on February 16, 1978. The controls are compatible with our stated policy which is to distance ourselves from the practice of apartheid and to make no contribution to its enforcement.

-- Some US companies are no doubt losing a portion of their South African market because of these regulations, but it is difficult to document this in precise terms. We do not believe that these controls have severely and permanently hampered our overall export levels to that country. It should be noted that the decline in US market share experienced in 1978 reversed itself markedly in 1979 as our exports to South Africa increased by over 30 percent.

-- As required by legislation passed last year, the USG undertook a review of EAR 175. We decided to continue the embargo with the sole exception of permitting on a case-by-case basis medicine, medical equipment, and medical supplies that are not primarily for military or police use. This exemption was justifiable on the basis of humanitarian concerns. We were also concerned because the sole procurement agency for civilian as well as military hospitals is a military entity.

| | |
|---|---|
| Question: | Does the Administration believe any new export controls or trade restrictions against South Africa would be appropriate? What results might be expected from implementation of the Evans Amendments to the Export-Import Bank legislation? |

Answer:

-- The Administration is not considering new export controls at this time. Given the buoyant state of the South African economy and its ability to satisfy its commercial import needs from open world markets, it is difficult to forecast that such controls would have any real impact on South Africa.

-- To our knowledge, only one importer has completed the questionnaire designed to assist in the implementation of the Evans Amendment. In compliance with South Africa's Business Practices Act, which regulates the disclosure of commercial information, the prospective applicant asked for permission to submit this information to our consulate in Johannesburg. Permission was denied.

-- Although it is not certain that such permission will in all cases be denied by the South African authorities, the effect of the Evans Amendment to date has been to end all EXIM activity in support of U.S. exports to South Africa.

Q. What is the status of the Commodity Credit Corporation sales to South Africa? Have CCC transactions been ended? Is this a conscious policy decision? What effect, if any, has it had on South Africa?

A. -- Between 1966 and September 30, 1978, CCC credit sales to South Africa totalled $95.9 million (rice sales accounted for almost all of this), including $8.3 million in FY 1978. The CCC budget was heavily oversubscribed for FY 1979 and FY 1980, and no credits were made available to South Africa. This decision does not preclude South African purchasers from requesting CCC credits for FY 1981, though we would review any such request closely and carefully. There has been no apparent effect on our trade with South Africa; in fact, our exports of rice to South Africa increased in 1979 in terms of both value and volume.

Q. Over a year ago, Congress was giving consideration to putting limitations on, or banning altogether, the sale of light private aircraft to South Africa, on the grounds that such planes could be put to unauthorized use by paramilitary units. While no legislation was passed, I understand the executive Branch has instituted a system of end-user checks to ensure that aircraft are not being diverted for improper use. How does that system work, and how effective is it?

A. -- The export of small, private aircraft, sometimes called general aviation aircraft, is not prohibited under the terms of the UN mandatory arms embargo. The Deparment of Commerce, after consultation with the Department of State, approves applications by U.S. manufacturers for the export of general aviation aircraft to South Africa.

-- The State and Commerce Departments have agreed on strengthened conditions for export of these aircraft: a prohibition on the sale, lease, or charter of these aircraft to any entity of the South African Government; approval by our Embassy in Pretoria of the intending purchaser and end-use before completion of the sale; certification by the purchaser that he will not use the aircraft in any police, military, or paramilitary activities; and agreement by the purchaser that he will obtain a similar certification from a subsequent purchaser in the event of resale. In addition, our Embassy has increased its monitoring of these aircraft by random spot checks to ensure that they are being used in accordance with these conditions.

Q. What is the Administration's policy with regard to dealings with SASOL on coal conversion technology?

A. -- There is considerable interest in the United States in the SASOL technology. We understand one American firm (Fluor, Inc.) has signed an agreement to market SASOL technology in the U.S. and that another (Texas Eastern) is actively investigating the possibility of building a SASOL-type facility in the U.S. The Administration has no objections to such an undertaking. It remains our policy, however, that because of the political circumstances governing our relationship with South Africa a direct relationship between the U.S. Government and SASOL would be undesirable at this time.

Question: South Africa has adopted a rather rigid passport policy which makes black South Africans tacitly accept the status of citizens of one of the homelands whether they wish to or not. What is our policy with respect to South Africa's restrictive passport policy?

Answer:

-- Regarding South African citizens who are denied South African passports and are forced to travel on homeland passports, because the U.S. does not recognize the homelands or accept their passports, we waive the passport requirement for travelers except for homeland officials who are traveling in their official capacity.

-- We frequently raise, either privately with South African Government officials or in public, our objection to the denial of passports to South African citizens; a recent example of such action concerns the case of Bishop Tutu.

-- Regarding South Africans who, despite their lack of a passport accepted by South African authorities, have already departed South Africa, we follow a liberal policy in accepting alternative travel documents, such as those issued by other governments, or in issuing passport waivers.

pages tightly bound

**Question:** What can you tell us about South African Government information activities in the U.S., some aspects of which were revealed in the "Infogate" scandal? What are the South Africans doing now? Do we have any reason to believe that South Africa, or its agents in this country, are operating to violate U.S. law or in ways that are improper? How do we monitor their activities?

**Answer:**

-- In addition to the information officers posted to work at the South African Embassy in Washington and at its four Consulates General elsewhere, the South African Government maintains an information office in Los Angeles.

-- South Africa also has a number (seven) of honorary consulates in the United States that serve as regional focal points for South African information activities.

-- As you are aware, there are ongoing investigations by the Congress and by the Attorney General into allegations of illegal activity on the behalf of the South African Government. We are not in a position to comment on these investigations now.

-- Monitoring of South African information activities inside the United States is the responsibility of the Department of Justice; we are not aware of any ongoing improprieties.

Q. Has the State Department made any reaction to the campaign in South Africa to free Nelson Mandela?

A. -- We have been following closely the effort to petition the South African Government to free Mandela from Robben Island; the campaign has wide support in all racial groups, and a recent poll among Whites in the greater Johannesburg area showed that a majority favor the idea of releasing the nationalist leader.

— I would note that there are strong humanitarian reasons to release Nelson Mandela. I am also confident that Blacks in South Africa would welcome his release as a significant proof of the the Government's desire to seek reconciliation.

## ICA Program in South Africa

There are 10 American and 30 South African employees in our four ICA posts in South Africa. Three of the posts have libraries, Johannesburg, Cape Town, and Durban. The other branch post is in Pretoria. ICA has a reading room in Soweto. (Background: In November 1977, we advised the SAG by diplomatic note that we wanted to construct an enlarged facility-cultural center in Soweto. No response has been received to date from the SAG.)

The ICA budget is $1.9 million, of which $480,00 comes from AID for training programs. These training programs normally last from one to three months in such areas as labor, education, or social work. About 180 trainees (black) are selected for these programs. In addition, ICA funds 36 persons for graduate training in the United States in fields in which they cannot get adequate training in South Africa, such as public health.

There are 50 IVs per year, about 1/2 black and 1/2 white. 25 Americans speakers and performers also go to South Africa each year. These generally are specialists in human rights, affirmative action, social change, education or U.S. foreign policy.

# APPENDIX 5

## SUMMARY OF RESPONSES RECEIVED FROM LETTERS SENT BY SUBCOMMITTEES ON AFRICA AND INTERNATIONAL ECONOMIC POLICY AND TRADE TO 135 OF THE 160 U.S. FIRMS DOING BUSINESS IN SOUTH AFRICA

The following letter was sent, at the request of the members of the Africa Subcommittee and the Subcommittee on International Economic Policy and Trade to 135 of the 160 U.S. firms who had not signed the Sullivan Principles according to "The Third Report on the Signatory Companies to the Sullivan Principles, October 15, 1979." Of the 135 letters that were sent, 57 responses were received. These responses have been summarized on the following pages.

In general, the responses fell into three categories; 1) companies whose operations are too small to justify signing onto the code with its accompanying "costly" reporting requirements; 2) companies who have their own Code of Conduct throughout the world or specifically for South Africa; and 3) companies that have only a minimal amount of knowledge about the Sullivan Code and who are unprepared to make a decision on the Code one way or the other. There are also a number of companies who are opposed to any intervention, either public or private, in their corporate operations. This included the belief of some companies that U.S. business should not be used as a foreign policy tool by the U.S. government.

best copy available

Congress of the United States
Committee on Foreign Affairs
House of Representatives
Washington, D.C. 20515

Dear

The U.S. House of Representatives' Subcommittees on Africa and on International Economic Policy and Trade of the Committee on Foreign Affairs recently held a series of hearings on U.S. Corporate Involvement in South Africa. Testifying before the subcommittees were representatives from the U.S. corporate community and the Reverend Leon Sullivan, author of the Sullivan Code.

During the course of the hearings, it was brought to the subcommittees' attention that, while there are over 300 American firms doing business in South Africa, only 139 have signed the Sullivan Code. Corporate officials testified that adherence to the code has in no way forced their firms to violate South African law. The question of why the remaining 160 firms have not signed the code was then raised by members of both subcommittees.

The subcommittees have subsequently discovered that, while your company does business in South Africa, you have not, as yet, signed the Sullivan Code. We are most interested in the reason for your company's decision not to sign the code. Your reply would be greatly appreciated.

Sincerely,

| | |
|---|---|
| Jonathan B. Bingham<br>Chairman<br>Subcommittee on International Economic Policy and Trade | Stephen J. Solarz<br>Chairman<br>Subcommittee on Africa |

1. Newmont Mining Corporation- Newmont is the largest U.S. employer in South Africa that has not signed the Sullivan Principles. Newmont has its own statement of Equal Opportunity Employment to which it adheres. Newmont also says, "It is our conviction that the Sullivan Principles are in particular applicable to companies operating in urban areas in South Africa and to manufacturing and service companies. They are not, in our view, so appropriate for mining companies in remote areas employing migrant workers."

2. Dresser Industries- Dresser is the third largest U.S. employer that has not signed the Sullivan Principles.

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Dresser stated, "We were not willing to commit the company to answer to or be inspected by a private non-governmental body, which has no legal authority over the company." As an alternative to the Sullivan Code, Dresser developed and implemented its own Statement of Principles, which they monitor to assure compliance.

3. The L.S. Starrett Company- Starrett has a total of six people in their South African operation, and their operation is primarily a warehousing and sales facility. Moreover, Starrett indicated that they have never been asked to sign the Code.

4. Joy Machinery Company- Joy stated that they have been a signatory for the past three or four years. They add,however, "there is absolutely no way we can or intend to be filling out constantly ballooning reports."

5. Bausch & Lomb- "Our operation in South Africa is modest and not heavily staffed and we are concerned with the administrative burden which may be created by Rev. Sullivan's semi-annual report requirements."

6. Trans World Airlines- TWA does not fly to South Africa and is engaged there only in the sale of airline tickets on a limited basis. TWA further states, "If you nonetheless believe that it is desirable to have TWA as a signatory to the Code, we will be glad to review and consider signing it..."

7. Dames & Moore- Dames & Moore has not had time to sufficiently review the Sullivan Code; consequently, a decision regarding the Code has not been reached.

8. Preload Engineering Corp.- Preload does not now do business in South Africa.

9. Harnischfeger Corporation- "Harnischfeger is in full agreement with the intent and objectives of the Sullivan Code... However, this subsidiary is very small, employing approximately 80 people of whom 35% are black. We are simply not in a position to implement comprehensive programs for training and development of the type contemplated by the Amplified Guidelines to the Sullivan Code."

10. A.H. Robins- A.H. Robins has only one employee who oversees the license manufacture and third party distribution of their products. "It has been and continues to be our opinion that the Sullivan Code has no meaningful application to a company with one employee. Consequently, we have concluded that it would be inappropriate to become a signatory to the Code."

11. SPS Technologies- SPS has not made a decision with respect to the Code nor have they been asked by anyone with a request to sign. " Although we have been aware of the Sullivan Code, we haven't believed there was any employee benefit to signing the Code, since our preexisting employee relations practices have been, we believe, in conformance with the principles in that Code, as are our employment practices elsewhere in the world."

12. M & T Chemicals Inc.- M & T has never made a decision to sign or not sign the Code, because they have been in the process of "rationalizing and realigning their business directions and activities."

13. Tenneco Inc.- Tenneco's subsidiaries are engaged in "relatively small, diversified and geographically diffuse operations in that country which, in their totality, account for substantially less than 1/2 of 1% of Tenneco's aggregate work force, its consolidated assets, its consolidated revenues and its consolidated income." Consequently, Tenneco's management feels it would be inappropriate to adopt the Sullivan Code.

14. Western Airlines- Western Airlines has not conducted business in that country and has no plans in that direction.

15. American Broadcasting Company- ABC's primary business in South Africa is the operation of a small News Bureau in Johannesburg. "Since our primary involvement there is as a newsgathering organization, we do not construe our presence as doing business in South Africa in the accepted sence of the term."

16. Chicago Pneumatic Tool Company- "The limited size of our operation (195 employees) precludes the implementation of the various training, development, and other life-style programs recommended by the Code." In addition, the reporting burden associated with the Code is too heavy in financial terms for the compapy to handle.

17. Stratoflex-Inc.- Stratoflex sold its South African Subsidiary in July 1979. "We now only sell to our domestic South African Licensee in that part of the world as an ordinary customer." Moreover, Stratoflex is not familiar with the Code and they have never been approached to sign it.

18. Diners Club International- "While we might applaud the Sullivan Code for its principles and objectives, The Diners Club, Inc. has no branch operating in South Africa nor does it have a subsidiary in South Africa, and there is no company in South Africa in which our company has a 19% or more equity investment."

19. H.H. Robertson Company- "...We have taken special care to honor our obligation to the Republic, and we have intentionally been very progressive in our policies toward our black employees. Accordingly, we believe we were in advance of the Sullivan Code and there could be little point in pledging compliance with it when in fact we had preceded it."

20. Diversey Corporation- "Our situation is that we divested ourselves of ownership in South Africa over a year ago, and our business is conducted by totally-owned South African companies on a license basis."

21. NCH Corporation- NCH has a policy of fairness is every country it operates so it is not necessary to single out South Africa. Moreover, "South Africa is a nominal market for us, and we have only a very few people there and do not expect our operation to grow."

22. Cascade Corporation- Cascade employs a total of seven people in South Africa; two of whom are black. Cascade has a company-wide approach which it feels is more effective in meeting their objectives of non-discrimination and equal opportunities than the Sullivan Principles.

23.Loctite Corporation- Endorsed the Sullivan Code in Oct. 1979.

24. The Pizza Inn, Inc.- "So that I may respond to your letter of June 13, 1980, please send to my attention a copy of the Sullivan Code."

25. Heinemann Electric Company- Heinemann Electric Company of New Jersey is only a 30% owner of the South African affiliate, Heinemann Electric (S.A.) Ltd. The majority owner (70%) is Barlow Rand Limited of Johannesburg. Barlow Rand has adopted their own Code of Employment Practice.

26. S.C. Johnson & Son Inc.- S.C. Johnson believes that the Sullivan Principles "would be particularly helpful to companies lacking direction and clear cut policies of their own on how to operate in South Africa." S.C. Johnson, however, has adopted its own set of principles which it calls "This We Believe."

27. Ingersoll-Rand Company- Ingersoll-Rand has declined to sign the Code for two primary reasons. "First, Ingersoll-Rand sincerely believes that its existing operation in South Africa is a progressive one.... Secondly, it is Ingersoll-Rand's belief that forcing social revolution upon a host country is an improper sphere of activity for an American multinational corporation.... In management's opinion Ingersoll-Rand is an economic enterprise and not an instrument for social change."

28. Moore McCormack Resources Inc.- Moore McCormack does not do business in South Africa. "Our subsidiary Moore McCormack Lines, Incorporated, provides U.S.-flag liner service between the East Coast of the United States and South and East Africa. As a result, we employ only three persons in South Africa, all of whom are U.S. citizens."

29. The Perkin Elmer Corporation- "Perkin Elmer has not adopted the Sullivan Code simply because we believe strongly that it is our responsibility to establish, maintain and enforce our own behavioral standards for all employees." Moreover, Perkin Elmer has a small operation in South Africa which employs only nine individuals, one of whom is black.

30. United States Gypsum Company- "Our only interest in South Africa is ownership of a minority of the shares of stock of a small South African acoustical tile company." In addition, U.S. Gypsum has no future investment plans in South Africa.

31. The Washington Post Company- The Post has a total of 4-1/2 employees in South Africa, 3 of whom are foreign correspondents engaged in gathering news for dissemination throughout the free world. "These non-income producing activities are not, of course, the conduct of business as that term is normally understood, and it has frankly never occurred to us that the Sullivan Code is intended to embrace newsgathering operations such as these."

32. The General Tire & Rubber Company- The General Tire & Rubber Company is not doing any business in South Africa.

33. Baxter Travenol Laboratories Inc.- Baxter Travenol is a minority owner in a joint venture with Adcock-Ingram Pty. Ltd., a South African owned corporation. Baxter Travenol's role in the joint venture is to provide technological and product expertise."...I am not sure that Baxter Travenol would choose to become a signatory, even if it were the majority partner, because of concerns relating to the reporting and inspection burdens which the latest version of the Principles imposes upon signatories."

34. National Starch and Chemical Corporation- "Our Company has a subsidiary which does a very small amount of business in South Africa. It employs about 45 people in South Africa." The reporting requirements would also pose a problem for the small operation of this company.

35. Owens-Corning Fiberglas Corporation- Owens-Corning owns a one-quarter interest in Fibreglass South Africa (Pty.) Ltd. "The Sullivan Principles, appear to be designed for U.S. companies with wholly or majority-owned subsidiaries in South Africa. Because we do not have the responsibility for management and day-to-day supervision, Owens-Corning cannot provide the guarantee of implementation which is an integral part of a pledge to support the Sullivan Principles."

36. Buckman Laboratories, Inc.- "Generally speaking we are in agreement with the thoughts and the hypotheses behind the Sullivan Code. However, as a company we would not sign this code any more than we would sign some code presented by somebody on the opposite side of the question."

37. Marriott Corporation- Marriot has only one small operation in South Africa and they requested more information with regard to the Sullivan Code.

38. The Lubrizol Corporation- Lubrizol employs approximately 36 people, all of whom are nationals. "...The Sullivan Code deals with the activities of U.S. business concerns in South Africa, or, in other words with the commerce of the United States with a foreign nation." Lubrizol also indicated that foreign policy tools should operate through the government, not private business. "Simply put then, we have not signed the Sullivan Code as a matter of constitutional principle."

39. Bechtel Incorporated- "The Sullivan Code does not apply to Bechtel's type of operations and activities, because most of our work is performed by expatriates... With respect to reporting activites: our relationships with clients all over the world prevent us from disclosing information of the type required by any private principles, such as those suggested in the Sullivan Code."

40. The Black and Decker Manufacturing Company- Black and Decker endorsed the code at its Board of Directors meeting on March 20, 1980.

41. Continental Grain Company- Continental Grain has a small operation involving seven employees. Due to this fact,the period reporting requirement would not be applicable."This company will continue to adhere to and implement the six operating principles of the Sullivan Code."

42. The First National Bank of Boston- The Bank no longer has an equity or other interest in Standard Bank Factors Ltd; nor does it presently have any subsidiaries or affiliates in South Africa.

43. Price Waterhouse & Co.- This firm has no operations in South Africa.

44. The Dun & Bradstreet Corporation- "Our sole reason for declining to sign the Sullivan Principles is a matter of policy. Dun & Bradstreet will not give its proxy to any outside group to represent the company's position or use its name, no matter how well intended it may be.... Dun & Brad[illegible]eet has an ongoing program built around the Dun & Bradstreet Personnel [illegible]ciples."

45. Pepsico- "Although Pepsico is not a formal signer of the Principles, it endorses and substantially complies with them..." Pepsico gave the following reasons for not signing the code;"1)the Principles have been amplified or interpreted from time to time to an extent that, in our view, they set a vague standard for corporate conduct; 2)Pepsico believes that it has made substantially greater progress with respect to its personnel practices in South Africa than is apparently required of signers of the Principles; and 3)Pepsico has adopted a worldwide Code of Conduct which they consider to be significantly broader in scope than the Sullivan Principles."

46. Arthur Anderson & Co.- "The Sullivan Code is a symbolic gesture that, in our view adds nothing of significance to our own longstanding worldwide policies."

47. United Press International- "It is my understanding that the code wasn't really intended for worldwide news organizations such as the UPI. We only have three or four people in South Africa and they are either transient-type personnel or on the move a great deal. They are also highly specialized."

48. Bell & Howell- Although Bell and Howell has not signed the Code, they have assured Rev. Sullivan of Bell and Howell's compliance with the Guidelines and endorsement of his Statement of Principles.

49. The Christian Science Publishing Society- This company does not believe that the Principles are applicable to their activities. "The Christian Science Publishing Society does not appear to have the size or nature of operation to which Sullivan Code applies. Our activities in South Africa consist primarily of providing support of a religious nature to Christian Science Churches in that country."

50. Time Inc.- "The major principles of the Code are ones with which the management of Time Inc. agrees wholeheartedly and has tried to abide by voluntarily. But because of the small size of our staff in South Africa, it is impossible for us to adhere technically to the guidelines." Time only employs eight full-time employees in South Africa.

51.The Boeing Company- Boeing's only business involvement with the South Africans "is the export sale of commercial jet transport aircraft, which are manufactured in the United States, to South African Airways for their use in commercial transport operations." In sum, Boeing does not believe that the Principles apply to their situation.

52. National Broadcasting Company Inc.- "NBC does not maintain any business office in South Africa. NBC's primary contact in South Africa is its relatively small news bureau in Johannesburg... Moreover, while we do not oppose the philosophy or purpose of the Sullivan Code, we do not believe it appropriate for an independent news organization to take a position on the governmental policies of any country..."

53. Technicon Corporation- Technicon is a wholly owned subsidiary of Revlon Inc. which has endorsed and adopted the Sullivan Code.

54. Macmillan- "In view of the Company's minimal presence in South Africa, (fifteen employees) as well as the financial and other obligations involved Macmillan declines to become a signatory at this time, although it endorses and continues to implement the objectives embodied in the Code."

55. Alcon Laboratories, Inc.- "Alcon in South Africa is not a subsidiary of a U.S. corporation. It therefore would not be appropriate for our company t sign the Sullivan Code."

56. Los Angeles Times- "The Times has a bureau in Johannesburg, staffed by one foreign correspondent. We have no other business operations of any kind in South Africa and have no other employees in that country. Under the circumstances, you can understand that the Sullivan Code would have no application to the Los Angeles Times."

57. Ramsey Engineering Co.- "I believe South Africa and its government is being "overplayed" by the Congress and the Administration. While progress is being made internal to their country we should encourage not threaten. If we carry our crusade too far, the consequences to us could be very severe. Further, we believe we are administering fair labor practices of our company and have no need for the Sullivan Code nor further legislation of the U.S Congress."

# APPENDIX 6

## Text of Telegram from Mangosuthu G. Buthelezi, Chief Minister of KwaZulu and President of Inkatha, Concerning U.S. Investment in South Africa, Dated May 23, 1980

Congressman Stephen J. Solarz,
*Africa Subcommittee,*
*U.S. House of Representatives,*
*Capitol Hill, D.C.*

The issue of investments in South Africa has become a sensitive contentious issue. I appreciate that Americans feel conscience stricken about investments that they have in racist South Africa which have thrived on the backs of blacks. I understand that Americans have a right to feel troubled about being involved in South Africa through their investments in the light of South Africa's abhorrent apartheid policies. I dare not question this. Americans who advocate disinvestments in South Africa do so because they regard this as the only way in which they can kick the South African racist regime where it hurts. They adopt this attitude out of sympathies for the oppressed black majority. We as blacks appreciate the motivation of the Americans in adopting this attitude on this issue of disinvestment.

The question that we need to face is whether this does in fact help blacks. The debate on the issue helps to keep the whole issue of apartheid in the forefront of the international community. This in itself is good thing. On a practical level it does help to conscientise whites on black suffering. The Sullivan principles have come about as a result of this campaign. The Sullivan code of conduct has resulted in other codes of conduct being adopted by multinational companies such as the EEC Code and others.

Within South Africa itself, this has been a good thing because it has made some companies to advance the cause of blacks towards economic justice. The Sullivan principles must be made mandatory for all American companies. The only problem I see about the Sullivan principles is that it is not the easiest thing to monitor companies which are signatories to it to ensure that they adhere to the Sullivan principles in their dealings with black workers when it comes to their employment practices. New investments are as important as old investments. While investments should not be mistaken for a panacea for our political and economic ills, they do in fact ameliorate the disenfranchised blacks or some of them to face up to the day to day problems of living. The black man's struggle in South Africa is still going to be hard and long.

Blacks need to survive that long and hard road in order to fight the battle for human rights which is their own battle and no one else's. The sanctions in Zimbabwe were not honestly applied by the international community. So that I am skeptical about them.

The southern African countries have their economies inextricable interwoven with the economy of South Africa. Even Marxist Mozambique has not stopped doing business with South Africa. The Prime Minister of the liberated Zimbabwe has openly declared that while he abhors apartheid he will do business with South Africa.

Most of the southern African countries do allow their people to seek employment in South Africa because they cannot find enough jobs for their own people. No one accuses them of political prostitution in looking after the interests of their people to the extent of doing business with racist South Africa or because they allow hundreds of thousands of their subjects to work in South Africa despite the South African exploitative economic system. No one has condemned heads of state of southern African states who do business with South Africa so far. I do not see why I should be apologetic to anyone for adopting the same attitude as these heads of state. The economy of South Africa is important not only for blacks in South Africa but for blacks in many southern African countries. If one looks at the enormity of the problem of economic reconstruction in which the heads of state in Mozambique, Angola, and Zimbabwe are engaged one can appreciate how easy it is for people from a long distance to advocate a scorched earth policy when they do not themselves have to face the impossible job of economic reconstruction once the economy of a country has been destroyed. It is all very romantic to say that it is better to start from scratch after liberation than allow the economy of a country with an evil system like South Africa to flourish. This is easier said than done as President Machell, Prime Minister Robert Mugabe, and the President of Angola would no doubt agree with me.

MANGOSUTHU B. BUTHELEZI.

# APPENDIX 7

## QUESTIONS POSED TO THE COCA-COLA CO., DURING THE HEARING OF MAY 20, AND RESPONSES THERETO

*Question* What was the date of your last investment in South Africa of funds not earned there?

Answer. 1972.

*Question.* Give the identities of the ten South African firms which have reportedly offered Reverend Sullivan their cooperation.

Answer. It is agreed that Reverend Sullivan could best answer this question.

*Question.* What impact does the so-called Evans Amendment have on the operations of the South African Branch?

Answer. None.

*Question.* What percentage of your worldwide profits are earned by your South African Branch?

Answer. Approximately 4 percent.

*Question.* What percentage of your profits earned on the African Continent are earned in South Africa?

Answer. Approximately 50 percent.

# APPENDIX 8

## Decoding Corporate Camouflage: U.S. Business Support for Apartheid, Paper by Elizabeth Schmidt, Institute for Policy Studies, May 1980

### INTRODUCTION

### THE ECONOMIC ROOTS OF APARTHEID

The parliamentary elections of 1948 were a turning point in the history of South Africa. The Nationalist Party came to power, shifting control of the white minority government from the English-speaking to the Afrikaans-speaking population. True to their campaign promises, the Nationalists began to systematize and strengthen the pattern of racial discrimination already outlined in South African law. They embarked a plan for the total segregation of races, instituting for each race a special program for its "separate development." They called their new policy "apartheid," which in Afrikaans means "apartness."

Under the apartheid system, the various races in South Africa are not permitted to live in the same areas. The Asian and colored (mixed race) populations are confined to ghettoes in the "white" urban and rural areas. The native black population is denied legal residency in all urban centers and all "white" rural areas. Blacks are permitted to live only in designated African homelands, which have been whittled down to 13 percent of the land. Although they constitute nearly three-quarters of the South African population, blacks are considered to be "migratory citizens" in 87 percent of the country and are denied the political and social rights automatically conferred upon the white citizenry.

While apartheid law clearly separates the black and white populations, the total segregation of the races has not been achieved. Even the master-minds of apartheid knew that, if carried to its logical conclusion, the policy of separate development would devastate the white economy. Historically, the black population has served white farmers, mining magnates, and industrialists as a plentiful supply of cheap labor. As South Africa rushed to compete for its share in the post-Second World War economic boom, the necessity for black labor became even more critical. Consequently, the concept of complete apartness was altered to accommodate the economic dependency of white South Africa on cheap non-white labor. Blacks were allowed into white areas, but only to work, and only on a temporary basis.*

In order to take advantage of black labor while keeping the native population under control, the Nationalist government strengthened and expanded South Africa's "influx control" laws. According to these regulations, blacks are allowed into the white areas only if they are already employed. If a black worker loses his job, he is forced to return to his homeland to await a new contract. Consisting of scattered parcels of over-populated land, devoid of mineral wealth and industrial development, the homelands cannot begin to support three-quarters of the South African population. Consequently, they serve as vast reservoirs of cheap labor for the white economy. On contract from the homelands, black workers are channeled into the areas where their labor is needed, paid what the employer is willing to pay, and sent home when the job is done. They live apart from their families eleven months out of twelve.

The monitoring and enforcement of the influx control laws required the development of an elaborate "pass" system to keep tabs on the black population. The current pass laws require that every black South African over 16 years of age carry a permit confirming his or her right to work, travel, or reside in a given area. Failure to produce a valid pass on demand is a criminal offense resulting in imprisonment and heavy fines. Since the pass laws were instituted, hundreds of thousands of blacks have been imprisoned solely for the "crime" of carrying an invalid pass. In 1978 alone, nearly 300,000 blacks were arrested for pass law violations.

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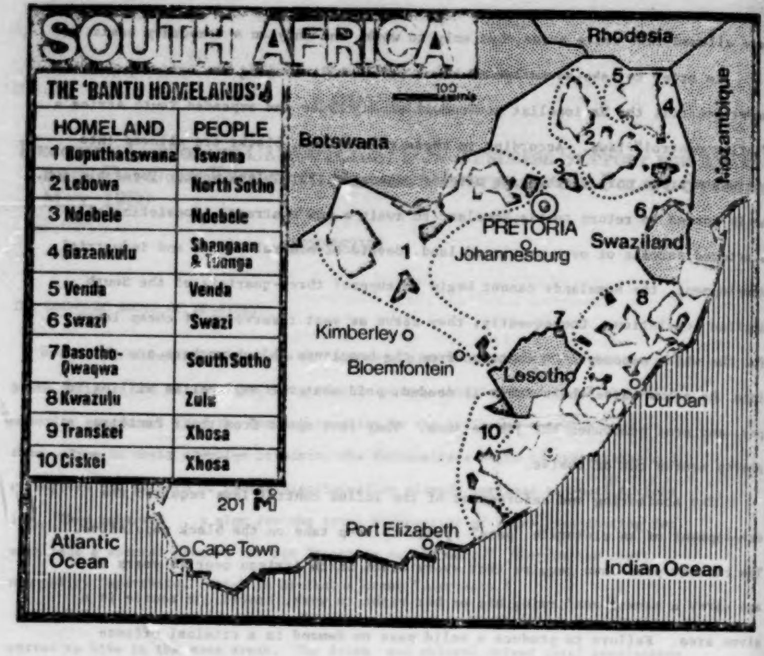
In 1922 the Stallard Commission recommended that the black man "...should only be allowed to enter the urban areas, which are essentially the white man's creation, when he is willing to enter and to minister to the needs of the white man, and should depart therefrom when he ceases so to minister."

In 1968, Prime Minister Vorster elaborated: "It is true that there are blacks working for us. They will continue to work for us for generations, in spite of the ideal we have to separate them completely...The fact of the matter is this: we need them, because they work for us...but the fact that they work for us can never entitle them to claim political rights. Not now, nor in the future." 1.



SOUTH AFRICA
100 miles
Rhodesia
Botswana
Mozambique
PRETORIA
Johannesburg
Swaziland
Kimberley
Bloemfontein
Lesotho
Durban
Atlantic Ocean
Cape Town
201
Port Elizabeth
Indian Ocean
1
2
3
4
5
6
7
8
10

THE 'BANTU HOMELANDS'

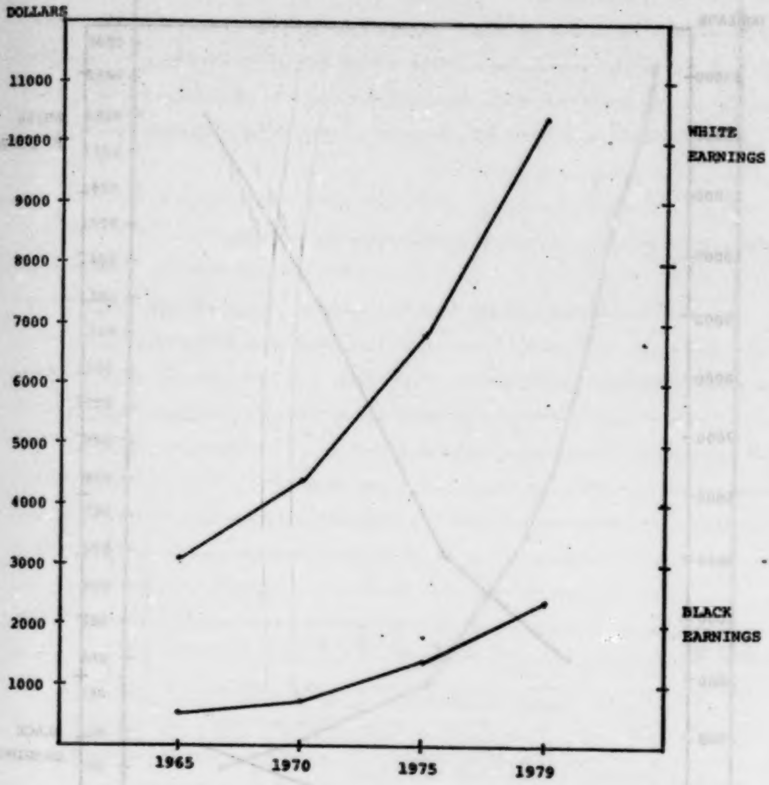
| HOMELAND | PEOPLE |
|---|---|
| 1 Boputhatswana | Tswana |
| 2 Lebowa | North Sotho |
| 3 Ndebele | Ndebele |
| 4 Gazankulu | Shangaan & Tsonga |
| 5 Venda | Venda |
| 6 Swazi | Swazi |
| 7 Basotho-Qwaqwa | South Sotho |
| 8 Kwazulu | Zulu |
| 9 Transkei | Xhosa |
| 10 Ciskei | Xhosa |

International Defence and Aid Fu

## MANUFACTURING

## AVERAGE EARNINGS PER ANNUM FOR WHITE & BLACK WORKERS

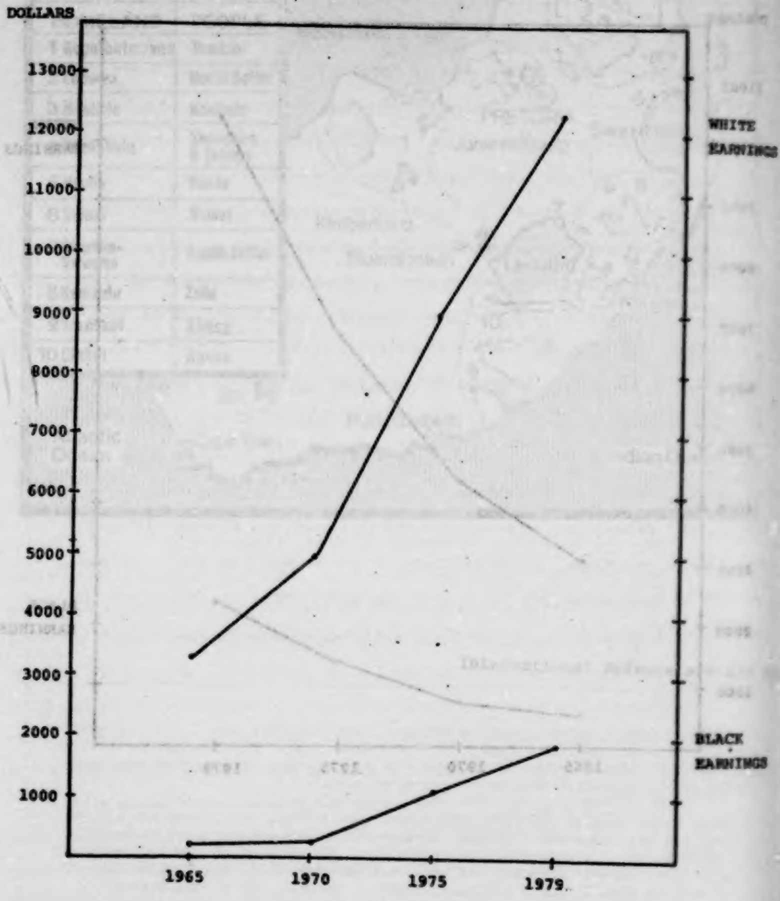
## 1965-1979



## MINING AND QUARRYING

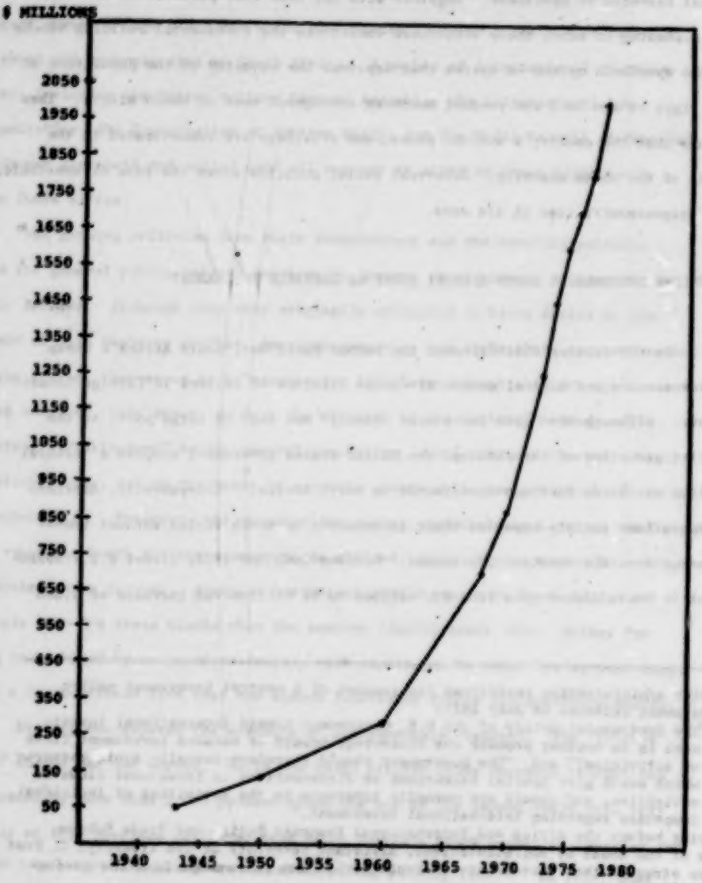
## AVERAGE EARNINGS PER ANNUM FOR WHITE & BLACK WORKERS

### 1965-1979



## U.S. INVESTMENTS IN SOUTH AFRICA

1943-1978



The oppressive pass system, forced migratory labor, and the strictly controlled passage of black workers into and out of the white economy are not incidental features of apartheid. Together with the laws that partitioned the country according to race, these structures constitute the fundamental building blocks of the apartheid system--a system that deprives the majority of the population of the right to own land and conduct business throughout most of South Africa. They ensure that the country's wealth, power, and privilege are concentrated in the hands of the white minority. Abhorrent racial policies dress the face of apartheid, but dispossession lies at its core.

## AMERICAN BUSINESS IN SOUTH AFRICA: AGENT OR OBSTACLE TO CHANGE?

In the decades that followed the Second World War, South Africa's cheap labor economy and mineral wealth attracted billions of dollars in foreign investments. Although the "good investment climate" was due, in large part, to the racist structure of the economy, the United States government adopted a "neutral" policy vis à vis American investments in South Africa.* Consequently, American corporations rapidly expanded their investments in South Africa without remonstrance from the American government. Between 1943 and 1978, direct U.S. investment in South Africa grew from $50 million to $2 billion--an increase of 4,000 percent. However, as American involvement in South Africa increased, the voices criticizing corporate collaboration with apartheid grew stronger. In the United States, student groups, trade unions, religious organizations, and support groups in the black and white communities launched a nationwide campaign to sever all economic ties to South Africa. A number of international organizations, including the United Nations General Assembly, the International Labor Organization, the Organization of African Unity, and the World Council of Churches, condemned apartheid and called upon all nations to withdraw their investments from South Africa.

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*The Carter Administration reaffirmed its support of a neutral investment policy in a statement released in July 1977:

> "The fundamental policy of the U.S. Government toward international investment is to neither promote nor discourage inward or outward investment flows or activities;" and, "The Government should therefore normally avoid measures which would give special incentives or disincentives to investment flows or activities, and should not normally intervene in the activities of individual companies regarding international investment."

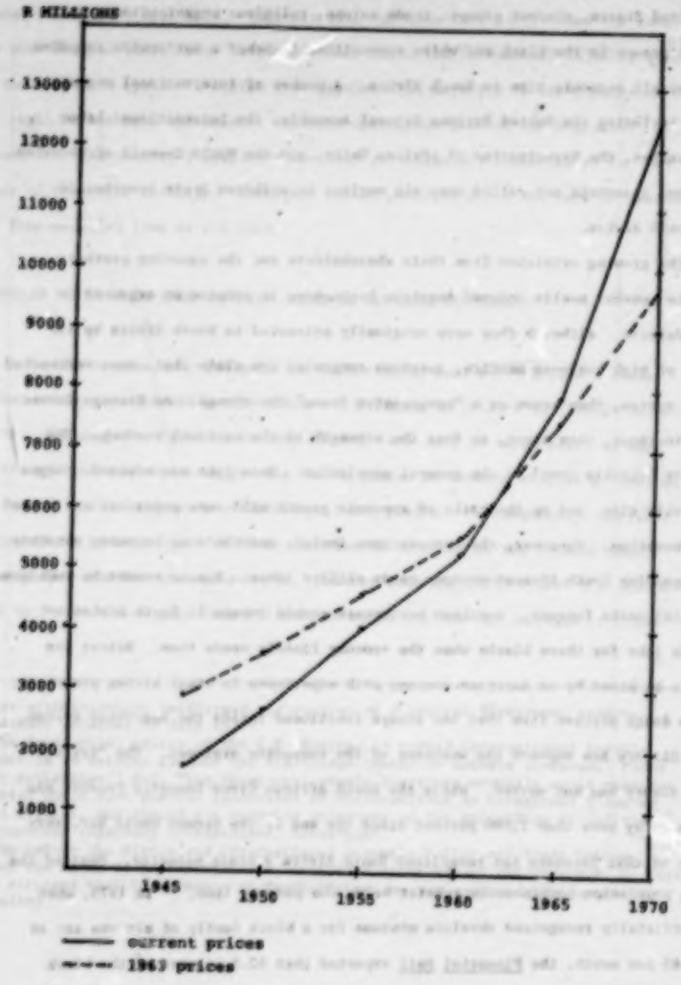
Testifying before the Africa and International Economic Policy and Trade Subcommittees of the House of Representatives, Assistant Secretary of the Treasury, C. Fred Bergsten stressed that investments in South Africa are not exempt from the government's policy.

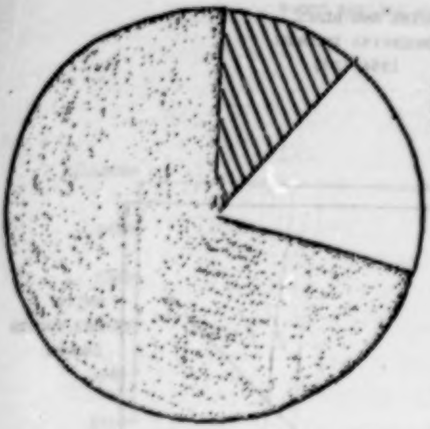
The growing criticism from their shareholders and the mounting protests from the general public induced American businesses to prepare an argument in their defense. Although they were originally attracted to South Africa by its record of high business profits, American companies now claim that, once entrenched in the system, they serve as a "progressive force" for change. As foreign investments increase, they argue, so does the strength of the national economy. The benefits "trickle down" to the general population. More jobs are created. Wages inevitably rise, and on the heels of economic growth will come political and social transformation. Moreover, the corporations insist, apartheid is becoming obsolete. The expanding South African economy needs skilled labor. Blacks cannot be consigned to menial tasks forever. American businesses should remain in South Africa to provide jobs for these blacks when the economy finally needs them. Better for them to be hired by an American company with experience in equal hiring practices, than a South African firm that has always functioned inside the apartheid system.

History has exposed the weakness of the corporate argument. The "trickle down" theory has not worked. While the South African Gross Domestic Product has increased by more than 2,000 percent since the end of the Second World War, very little of that increase has benefitted South Africa's black majority. Most of the black population continues to subsist below the poverty line. In 1975, when the officially recognized absolute minimum for a black family of six was set at $127.65 per month, the Financial Mail reported that 63.5 percent of the black households earned monthly incomes of less than $92. In 1976, South African blacks, who constitute 71 percent of the population, took home only 23 percent of the national income. The white 16 percent took home 67 percent of the earned wealth.

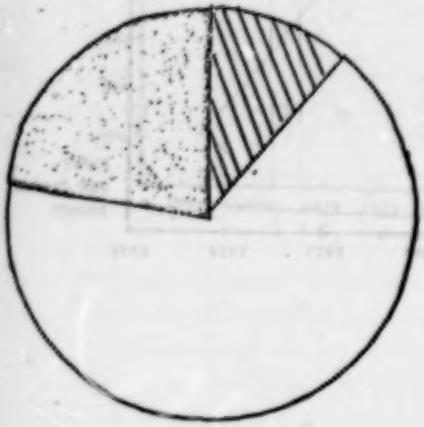
## GROSS DOMESTIC PRODUCT

## 1946-1970



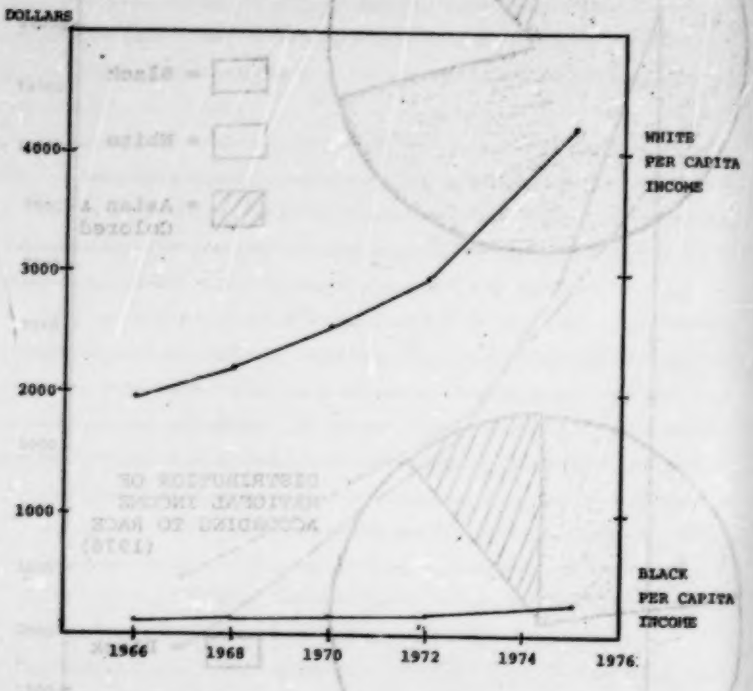


RACIAL COMPOSITION OF THE SOUTH AFRICAN POPULATION



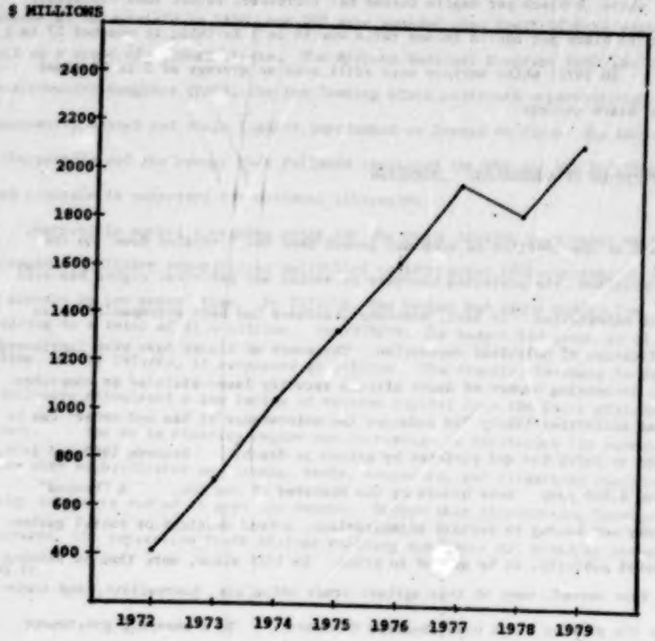
DISTRIBUTION OF NATIONAL INCOME ACCORDING TO RACE (1976)

### WHITE AND BLACK PER CAPITA INCOMES 1966-1975



## SOUTH AFRICAN DEFENSE EXPENDITURES

### 1972-1979



Although black per capita income is increasing, the high rate of inflation has contributed to a decline in real income for many black families. The increase in white income, on the other hand, has largely exceeded the pace of inflation. Consequently, during this period of tremendous economic growth, the ratio of white to black per capita income has increased, rather than diminished. The white to black per capita income ratio was 16 to 1 in 1966; it reached 17 to 1 in 1975. In 1978, white workers were still paid an average of 5 to 20 times more than black workers.

## INTENSIFICATION OF GOVERNMENT REPRESSION

Just as the benefits of economic growth have not "trickled down" to the black population, the projected increase in social and political rights has also failed to materialize. In fact, economic abundance has been accompanied by an intensification of political repression. Thousands of blacks have been imprisoned under an increasing number of South African security laws--statutes so comprehensive that activities likely "to endanger the maintenance of law and order" can be construed as terrorism and punished by prison or death. Between 1950 and 1978, more than 1,300 people were banned by the Minister of Justice. A "banned" person may not belong to certain organizations, attend meetings or social gatherings, speak publicly, or be quoted in print. In 1976 alone, more than 40 banning orders were served, many of them against trade unionists, journalists, and activists in the growing Black Consciousness Movement. In a sweeping government clamp-down on October 19, 1977, 18 black organizations were banned, including the World, the largest black newspaper, and leading black organizations such as the Black People's Convention and the South African Students' Association (SASO). More than 50 black leaders were arrested and an unknown number banned.

In the aftermath of the black township uprisings in 1976, the government's crack-down on black political activists increased markedly. During the six month long disturbances, more than 700 blacks were killed throughout South Africa. At least 85 of the victims were youths and children. More than 1,000 blacks--including 150 school children--were detained without trial, many of them for over one year. Between January 1976 and July 1978, 26 political detainees died in police custody, including Black Consciousness leader, Steve Biko.

For nearly a century, black South Africa resisted its government's racist laws through non-violent organizations. Black leaders have been banned, imprisoned, and murdered, their organizations outlawed. Throughout the 1950's, participants in the Defiance Campaigns against Unjust Laws were brutally beaten and imprisoned by the South African police. Sixty-nine black protesters died in the bloody massacre at Sharpeville in 1960, and 180 were wounded when South African police fired on a crowd of unarmed blacks. The African National Congress (ANC) and the Pan-Africanist Congress (PAC), the two leading black political organizations, were subsequently banned and their leaders imprisoned or forced to flee. The massacre at Sharpeville and the events that followed convinced the ANC and the PAC that armed struggle is necessary for national liberation.

Sharpeville marked a turning point for the South African government as well. The regime's military expenditures multiplied rapidly after 1960--increasing over 600 percent in ten years' time. By 1977/78, the budget had again quadrupled, amounting to a total of $1.6 billion. In 1978/79, the budget had grown to $1.9 billion, and by 1979/80, it surpassed $2 billion. The dramatic increase in defense expenditures stimulated a new influx of foreign capital into the South African economy. The white minority regime was interested in bolstering its security system with sophisticated new trucks, tanks, computers, and electronic equipment. Foreign companies rushed to meet the demand. Rather than discouraging foreign investment, the repressive South African military apparatus was actually encouraging it.

## POLISHING THE CORPORATE IMAGE

By the mid-1970's, in the face of unabated black poverty and rising political repression, American businesses were in a difficult position. They could present little proof of their positive impact on South Africa's black population. They provided jobs, but very few. Primarily capital-intensive, American companies employed less than one percent of the black workforce in South Africa. While some of their black employees were being trained for skilled positions, only a small minority rose above the lowest job categories. The majority received wages that were far less than the pay whites received for comparable work. At the same time, American companies controlled the most vital sectors of the South African economy, contributing capital, technological innovation, and expertise to the maintenance and expansion of the apartheid system. They had helped to create an economy based on the exploitation of cheap black labor, an economy controlled by a white minority that maintained a standard of living higher than almost any other population group in the world. None of the justifications of the business establishment could alter the fact that the real beneficiaries of American corporate involvement were South Africa's white minority, and of course, the corporations themselves.

An obvious boon to apartheid, American businesses had to make a concerted effort to change their image. They needed a concrete program of reform, in which progress could be measured and goals achieved. They needed proof that American companies can serve as a positive influence in South Africa and support for their argument that corporate withdrawal would only hurt the black population. The reformist scheme was not long in coming. By late 1975, there was muted talk of a new employment code for American companies doing business in South Africa. If they promised to adhere to certain employment practices, U.S. companies could mollify their critics at home and continue to do a profitable business in South Africa.

# Chapter I

## THE SULLIVAN PRINCIPLES: A CODE FOR CORPORATE REFORM

**The pressures to get out of South Africa, coming from student and church quarters in particular, are staggeringly strong. And from what I can see, there is only one stumbling block to the dominance of this point of view. That stumbling block is the Rev. Leon Sullivan.**

**John Marquard, *The Johannesburg Star*, March 31, 1979**

In early 1977, the American business code of conduct was publicly introduced. Conceptualized by Reverend Leon Sullivan, a black civil rights activist and board member of General Motors, the six "Sullivan Principles" called for desegregation fair employment practices, equal pay for equal work, job training and advancement, and improvement in the quality of workers' lives. The principles were heralded by business and government leaders as a positive step towards change--a peaceful, non-disruptive solution to the South African problem.

In actuality, the Sullivan Principles were a compromise solution. They were born out of a civil rights leader's frustrated attempts to reform the corporate world from the inside out. When Leon Sullivan was elected to the board of General Motors in 1971, he had been a prominent civil rights activist for more than a decade. He had organized massive boycotts of discriminatory Philadelphia businesses. He had established community-based manpower training programs that had prepared hundreds of thousands of minorities for skilled work. His successful programs were subsequently marketed throughout the world. When General Motors asked him to join their Board of Directors, Reverend Sullivan seized the opportunity to take his expertise and his anger into the corporate board room.

At his first board meeting, Leon Sullivan challenged the corporation to withdraw its business from South Africa. He declared that American businesses could not morally continue to function in "a country that so blatantly and ruthlessly and clearly maintains such dehumanizing practices against such large numbers of its people." He condemned the give-them-time attitude of his opponents "who always want to go slow when the rights of black men are at stake." Sullivan went on record as a proponent of corporate withdrawal.

## Statement of Principles of U.S. Firms With Affiliates in the Republic of South Africa

**Each of the firms endorsing the Statement of Principles have affiliates in the Republic of South Africa and support the following operating principles:**

1. **Non-segregation of the races in all eating, comfort and work facilities.**
2. **Equal and fair employment practices for all employees.**
3. **Equal pay for all employees doing equal or comparable work for the same period of time.**
4. **Initiation of and development of training programs that will prepare, in substantial numbers, Blacks and other non-whites for supervisory, administrative, clerical and technical jobs.**
5. **Increasing the number of Blacks and other non-whites in management and supervisory positions.**
6. **Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.**

**We agree to further implement these principles. Where implementation requires a modification of existing South African working conditions, we will seek such modification through appropriate channels.**

**We believe that the implementation of the foregoing principles is consistent with respect for human dignity and will contribute greatly to the general economic welfare of all the people of the Republic of South Africa.**

> I will continue to pursue my desire to see that American enterprises, including General Motors, withdraw from the Union of South Africa (sic) until clear changes have been made in the practices, the policies of that government as they pertain to blacks and other nonwhites...

Although he realized his position would lose in 1971, Sullivan vowed that he would "continue to pursue it tomorrow until black people in the Union of South Africa are free."

Within four years' time, however, Reverend Sullivan had changed his mind. Unable to convince a single colleague to support the withdrawal option and frustrated by the criticism that he was doing nothing to stimulate change, Sullivan opted for a more moderate plan--a code of conduct for American companies doing business in South Africa. In March 1977, after 18 months of hard campaigning, Reverend Sullivan announced the formulation of an employment code, endorsed by 12 of approximately 350 American businesses in South Africa. The six criteria for fair employment practices were immediately dubbed "the Sullivan Principles."

The Sullivan code caught on. In the wake of the Soweto uprisings and the rapid expansion of the divestment movement in the United States, American businessmen had grown apprehensive about the safety of their investments in South Africa. By the end of 1978, there were 105 signatories to the Sullivan Principles. One year later, there were 135. The Sullivan plan for fair employment practices received nothing but praise from official circles. Written in consultation with U.S. business leaders, the Principles were hailed by the State Department "as a potentially major force for change in South Africa" and given the "strong support" of the United States government. Challenged by the growing divestment movement, 75 colleges and universities, along with several trade unions, promoted the Sullivan Principles in their investment programs, stating that they would not divest their holdings in corporations that had signed them. Not even the South African government protested the implementation of the fair employment code.

By April 1979, however, prominent Americans had begun to criticize the Sullivan Principles. Two hundred black religious leaders met in New York to discuss American policy in South Africa. During the course of the three day conference, the churchmen overwhelmingly rejected the Sullivan Principles as a means of combatting apartheid. In a strongly worded resolution, they criticized the principles as "well-intentioned (but) no longer sufficient," claiming "that the very presence of United States corporations in South Africa serves to legitimize the apartheid system of white supremacy." The ministers then resolved "to work towards total United States economic, political, military, cultural and diplomatic disengagement from South Africa," and declared their "unequivocal support of the national liberation struggle waged by the South African people under the leadership of the African National Congress."

The resolution of the black churchmen was of paramount importance. Many of these men had been civil rights activists since the early days of boycotts, strikes, and massive sit-ins. For nearly two decades, Reverend Leon H. Sullivan had been a leader among them. Now, the man who had decried gradualist reforms eight years before was being tried on the same charges. "My brother Leon Sullivan has a plan," thundered the Reverend Wyatt Tee Walker.

> ...Leon outlined six principles. I have but one! They are called the Sullivan Principles. My principle is not mine but God's principle. That principle is FREEDOM. Freedom of our South African brothers and sisters. Freedom of the Children. Freedom of the land. Freedom of the ballot. Freedom from fear. Freedom from oppression. Freedom from hunger. Freedom, Freedom, Freedom!
>
> 'Wait and see' is the watchword of the Sullivan Principles. 'Wait and see' in our American experience is a cruel hoax.

# MONITORING THE SULLIVAN PRINCIPLES: THE COSMETICS OF CORPORATE CHANGE

While Sullivan's critics condemned his reformist approach to apartheid, the employment code continued to gain support in the government, business, and corporate-investment communities. The International Council for Equality of Opportunity Principles was established by Reverend Sullivan to report on the progress of the signatory companies. The Arthur D. Little Company, a prestigious Cambridge research and consulting firm, was contracted to write progress questionnaires and compile them into summary reports, to be distributed to the public for a minimal fee. Reverend Sullivan held press briefings on the progress of the principles and hosted an official State Department dinner to honor the corporate signatories. Corporate executives, who at one time accused Sullivan of treading on their toes, praised the principles and lauded the efforts of the man who had written them.

To date, the signatory companies have monitored their own compliance to the Sullivan Principles, filling out progress questionnaires twice a year. Theoretically, completion of the questionnaires is obligatory. However, there are no penalties for non-cooperation or for non-compliance with the employment principles. Nearly half of the signatories failed to respond to the first compliance questionnaire, and nearly one-fifth did not return the second and third questionnaires. Of those companies that responded, many left the most sensitive questions unanswered. One Ford Motor Company official admitted that many signatories "pay only lip service to the employment code," while another executive explained, "You have to remember who signed the principles. We didn't sign the principles, the home office did." The Citizen, a Johannesburg newspaper, founded and financed by the South African government, dismissed the code as just another "universal code of conduct for the American pursuit of profits."

Three compliance reports have been published since the initiation of the employment code. The first was released in November 1978, the second in April 1979, and the third in October 1979. The format of the reports has varied widely, rendering any long-term monitoring and evaluation of progress virtually impossible. Respondents to the first questionnaire were all considered to be "cooperative," simply because they participated in the reporting process. Non-respondents were not identified. The second report divided the companies into four categories:

I. Making Acceptable Progress
II. Cooperating
III. Non-Respondents
IV. Endorsers (with no operations in South Africa)

The vast majority of the respondents to the second questionnaire (66 out of 81) were considered to be "Making Acceptable Progress" in their implementation of the Sullivan Principles. In order to qualify for the top category, signatories had to: a) submit the first and second questionnaires; b) complete the desegregation of their facilities (Principle #1) or show that they are "committed to major facility modifications to enable desegregation;" and c) show a "substantial commitment to implement the other principles." The second compliance report does not define "major facility modifications," nor require a definite schedule for their completion. Neither does the report indicate what criteria are used to determine whether or not a company's commitment to implementing the principles is "substantial."

The third compliance report ranked the companies on the basis of an elaborate point system. Those companies receiving 11 points or less were considered to be "Making Good Progress." Those who scored between 12 and 18 were judged to be "Making Acceptable Progress;" and those companies receiving more than 18 points "Need(ed) to Become More Active." None of the companies received nine, the perfect score. The majority of the respondents (62 out of 97) were again considered to be "Making Acceptable Progress" in their implementation of the Sullivan Principles.*

The third compliance report notes that "the criteria (for rating a company's performance) cannot be applied mechanically or in a specifically quantified way." Rather, the standards "must be applied with judgment." Consequently, the evaluation of a company's performance is a subjective and somewhat arbitrary process.

According to the stipulations of the second and third compliance questionnaires, all signatories must file separate reports for each subsidiary location employing 50 workers or more. Ninety-seven signatories responded to the third compliance questionnaire, accounting for the practices of 244 separate subsidiary locations in South Africa. The majority of these companies are capital-intensive businesses employing a disproportionate number of skilled (white) workers. Although blacks comprise 72 percent of the labor force in South Africa, they comprise only 38 percent of the workforce in the companies that responded to the third compliance questionnaire. Whites, on the

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* Other categories include:

IV. Inadequate Report
V. Submitting First Report
VI. Endorsers
VII. New Signatories (Joined too late to report)
VIII. Signatories Who Did Not Report
IX. Signatories Headquartered Outside the U.S.

CHART I

## RATING CRITERIA FOR STATEMENT OF PRINCIPLES PROGRESS REPORT 3
JUNE 30, 1979

The use of this rating system will require a degree of judgement with respect to qualitative issues as well as adjustment for issues which may not be applicable to a particular reporting unit.

| Principle | 1 | 2 | 3 |
|---|---|---|---|
| I | Full non-segregation | Full non-segregation scheduled by 6/30/80 | Segregated |
| IIa | IF UNIONS – all races have the same union, or if a white union is recognized, black union and unions for all races also recognized, or has posted a notice of willingness to recognize non-white unions, OR IF NO UNION(S)-uniform integrated grievance procedure | All races represented with non-integrated grievance procedures | Some races do not have grievance procedures |
| IIb | All benefits for non-whites equal to or better than for whites | All except one benefit are equal to or better than for whites | 2 or more benefits for non-white are less than for whites |
| IIIa | Both equal pay and minimum entry level pay substantially above recognized local minimum economic living level | Both equal pay and minimum entry level pay at or above the recognized local minimum economic living level | Either unequal pay or minimum entry level pay below recognized local minimum economic living level |
| | | Advancement of Blacks Into Higher Job Categories | |
| IIIb | Substantial effort | Fair effort | Little or no effort |
| | | Improvement In Pay Status of Non-Whites | |
| IIIc | Quite considerable | Fairly extensive | Little or none |
| IV | Active training for advancement and job skills | Active training for advancement OR job skills | Little or no training |
| | | Advancement of Non-Whites | |
| V | Quite considerable | Somewhat considerable | Slight or no advancement |
| | | Assisting Outside the Work Environment | |
| VI | Considerable activity or significant improvement | Some activity or some improvement | Little or no assistance |

There are 9 issues which will be rated with each being given 1-3 points. The best rating a reporting unit could get would be a 9 by being judged to be entirely in the left-hand column above. A company which is described as being entirely in the second column would be rated 18. Other ratings would be determined by the addition of the 9 rating numbers and could lie anywhere from 9 to 27 inclusive. Reporting units would be grouped into the following categories:

| | | |
|---|---|---|
| I | Making good progress | 11 points (no 3's) |
| II | Making acceptable progress | 18 points or less |
| III | Needs to become more active | more than 18 points |
| IV | Inadequate report | |
| V | Submitting first report | |

Source: Third Report on the Signatory Companies to the Sullivan Principles. October 15, 1979.

other hand, comprise only 18 percent of the nation-wide labor force, but constitute 43 percent of the respondents' workplace population. Only 0.2 percent of South Africa's black workers are employed by the responding Sullivan signatory companies. These businesses employ approximately 31,000 blacks, coloreds, and Asians, from a non-white population of more than 22 million.

The impact of the Sullivan reforms must be considered within this limited context. Such progress that occurs affects only a minute fraction of South Africa's non-white population. The following analysis assesses the achievements of the signatory companies more than two and one-half years after the initiation of the Sullivan fair employment code.*

## DECODING CORPORATE CAMOUFLAGE

Principle #1 Non-segregation of the races in all eating, comfort and work facilities.

Even within the limited scope of the signatory workplaces, change is occurring at a sluggish pace. According to the October 1979 compliance report, 75 percent of the 244 business locations claim that their facilities are now "common." This assertion is

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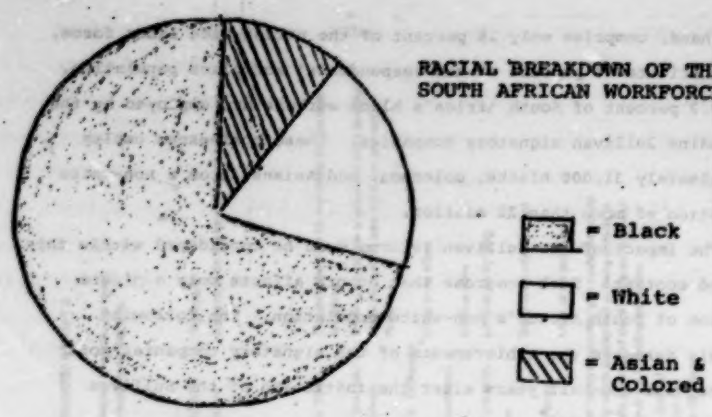
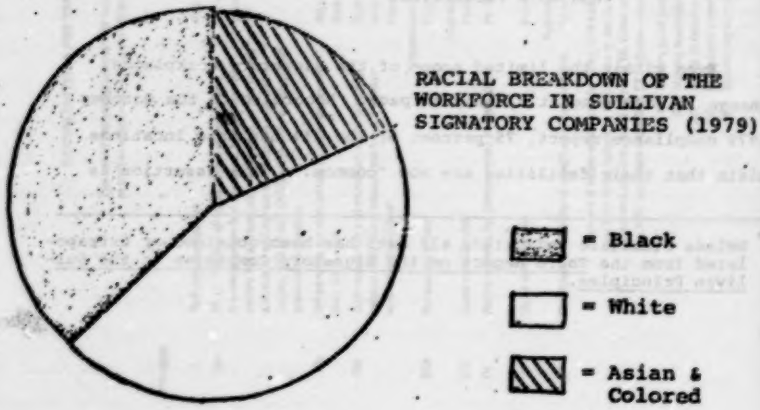
* Unless otherwise indicated, all data has been obtained or extrapolated from the Third Report on the Signatory Companies to the Sullivan Principles.



RACIAL BREAKDOWN OF THE SOUTH AFRICAN WORKFORCE



RACIAL BREAKDOWN OF THE WORKFORCE IN SULLIVAN SIGNATORY COMPANIES (1979) extremely misleading. While the companies may no longer post signs that segregate their facilities according to race, in point of fact, the majority of the facilities are still segregated. Information supplied under Principle #3 shows that 71 percent of the black workers still work in segregated workplaces--not because they are black, but because they perform the most menial or semi-skilled functions. Nearly three-quarters of the black workers are employed in job categories where there is not a single white worker.

Although the maintenance of workplace segregation has occurred fairly "naturally," a number of companies have made a conscious effort to ensure the continued segregation of eating and comfort facilities. After the exposure of General Motors' practice of substituting color-keyed for racially discriminatory signs--blue for whites, orange for blacks and coloreds--a subtler means of discrimination evolved. Technically in compliance with Principle #1, a number of companies have carefully removed the discriminatory signs from bathroom and cafeteria doors. Instead, lunchrooms, toilets, and lockerrooms that were previously assigned to black workers are now assigned to hourly workers; those previously reserved for white workers are set aside for salaried staff. In effect, the system of discrimination on the basis of race has been perpetuated.

## G.M. "Desegregates" Its Plant Facilities:

In line with the Sullivan code, G.M. duly removed the offending signs from the lavatory doors in its Port Elizabeth plant, only to replace them with color-keyed doors: blue for whites and Chinese (the latter considered honorary whites for lavatory purposes); orange for blacks and coloreds. Far from "lessening the insult," as one G.M. official in Detroit tried to explain to *Fortune*, it infuriated a number of black trade unionists, for it seemed to confirm their worst suspicions that G.M. was using the code as window dressing . . . The fact that black hourly workers at G.M. eat in a segregated cafeteria while white hourly workers are allowed to use the cafeteria for salaried employees (pending the planned construction of a new, integrated facility), has built up further resentment...

**Herman Nickel**
***Fortune*, June 19, 1978**

**Principle #2** Equal and fair employment practices for all employees.

When the Sullivan Principles were first introduced, they failed to include any mention of trade union rights. That omission caused such dissention by American critics that Reverend Sullivan was forced to include a trade union clause in the "Amplified Guidelines" of July 1978. The result was an extremely ambiguous and comfortably noncommittal statement:

> Each signatory of the Sullivan Principles will proceed immediately to support the elimination of discrimination against the rights of Blacks to form or belong to government registered unions, and acknowledge generally the right of Black workers to form their own union or be represented by trade unions where unions already exist.

While the statement encourages the signatories to "support" the elimination of discrimination against black trade unions and to "acknowledge generally" the right of blacks to join or form their own trade unions, it does not require the companies to recognize black and white unions on an equal basis. It assumes that "government registered unions" will be free collective bargaining units, providing black workers with access to the same jobs and employment benefits as their white counter-parts. Nothing in the history of South African labor relations substantiates that assumption.

As late as October 1979, 84 percent of the respondents to the Sullivan compliance questionnaire did not negotiate with any employee union--white or black. Only two companies, Ford and Kellogg, had recognized black trade unions, and only Kellogg had actually signed a contract. However, even if all the signatories were to recognize black trade unions, unless those unions are legally registered, members have no protection under South African law. Their contracts are not binding; they have no recourse if the agreements are broken.

Even registered trade unions are severely hampered by legal restrictions. Although work slow-downs, strikes, and lock-outs are not absolutely banned, they are subject to so many restraints that a legal strike is practically impossible. In a number of "key industires," work-related protest is completely prohibited, and in any industry, going out on strike is a risky proposition. Strikers can be arrested under the Internal Security Amendment Act of 1976 and charged with "communism," which in South Africa is defined as:

> ...any doctrine that aims at bringing about any political, industrial, social or economic change within the Union by the promotion of disturbance or disorder...

Dozens of trade unions and trade union organisers have been banned under this law. The Riotous Assemblies Act empowers local magistrates to prohibit public or private gatherings, concourses, or processions which they consider a threat to public order. Countless picketers have been arrested under this act. The General Law Amendment Act (The Sabotage Act) of 1962, the most blatant of South Africa's anti-strike laws, defines "sabotage" as any willful act threatening the maintenance of law and order and any attempt

> ...to cripple or seriously prejudice any industry, to cause substantial financial loss to any person or state, (or) to further or encourage the achievement of any political aim, including bringing about social or economic change (emphasis added).

Sabotage is punishable as treason under South African law. The penalty could be death.

All workers, whether or not they are employed by Sullivan signatories, are ultimately answerable to South African law. Until September 1979, when the South African government agreed to recognize some black trade unions, American corporations often pleaded that, because black unions were not legally recognized, their hands were tied. However, when the government announced the reform of its trade union laws, these same businesses were supplied with new ammunition for their argument that they constituted a "progressive force." They claimed that American companies could now provide a forum for black trade union development, helping the government along the road to reform. The government reforms, however, are far from progressive.*

Under the new regulations, recommended by the government-sponsored Wiehahn Commission, black workers from the urban areas, African homelands, and the so-called "independent" homelands are permitted to join registered trade unions. Migrant workers from Lesotho, Botswana, Swaziland, Mozambique, Malawi, and Zimbabwe--whose numbers are estimated at half a million--are still denied trade union rights. The new black unions are being subjected to a stringent and arbitrary registration process that allows the government to deny or revoke registration at will. Government ministers have acknowledged that the primary purpose of the reforms is to bring militant black unions under strict government control, weeding out all politically "threatening" organizations. Since the passage of the new labor legislation, an increasing number of companies have refused to deal with unregistered independent unions.

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* See AFTERWARD for discussion of labor reforms proposed by the South African government's Wiehahn Commission.

Principle #3 Equal pay for all employees doing equal or comparable work for the same period of time.

To the great majority of black workers who have been prevented from doing work that is "equal" to that of whites, "equal pay for equal work" is simply an empty slogan. According to the third compliance report, 76 percent of the workers in the lowest job category are black; two percent are white. Ninety-nine percent of the workers employed in the top job category are white; one percent is black. Twenty-two percent of the black workforce is employed in the lowest category of work. Seventy-one percent of the black workers in the signatory companies work in job categories that employ no whites. Only 10 percent of the black workers are employed in integrated job categories--and are earning at least the average income for their particular category.

The wage statistics of the Sullivan signatories are extremely grim. At the end of 1978, 95 percent of the companies that responded to the first questionnaire paid their entry-level workers less than

$240 per month--$20 per month less than the Minimum Effective Level for Johannesburg. (The MEL is an official standard determined by the monthly cost of food, clothing, shelter, transportation, fuel, and medical and educational expenses for a family of six.) Nearly half of the black workers in the responding companies earned less than $175 per month, while half of the white workers earned at least $500 per month. International Harvester and Masonite were among the signatory companies that recorded starting wages that were below the Minimum Subsistence Level.

Throughout South Africa, black wages have risen in recent years. However, the actual gap between black and white incomes has widened. In 1975, the gap between black and white wages averaged $447 per month in manufacturing and $665 per month in mining and quarrying. By 1979, the gap had widened to $665 and $880 per month respectively. Since blacks begin working with wages that are much lower than those of whites, across-the-board wage increases accelerate, rather than alleviate, the growing income disparities. Last hired, first fired, black workers will never achieve job seniority equal to that of whites.

In a number of cases, the black/white wage differential is a product of legally binding Industrial Council Agreements. For years, these contracts between white workers and their employers have prevented companies from promoting blacks into thousands of skilled positions, including jobs that allow them to supervise whites. The severe shortage of skilled labor has forced a number of employers to strike a deal with the white unions; in exchange for softening some of the job restrictions, the employers promise white workers a disproportionate increase in wages.

"Job fragmentation" is another technique that enables companies to promote blacks into skilled positions without substantially increasing their wages. When white workers are promoted, their old jobs are watered down and redefined. Two or more blacks are hired to fill the positions for significantly less pay. The third compliance report does not indicate the average pay scales for black and white workers; nor does it show the racial composition of various grades of work within a given job category. Consequently, it is impossible to determine the amount of job fragmentation that has occurred within the signatory workplaces.

Historically, American corporations, including the Sullivan signatories, have employed very few blacks in salaried positions. In 1978, Goodyear employed a total of nine black salaried workers, comprising a mere three percent of its total white collar workforce. Uniroyal had no blacks in any salaried position at the end of 1978. In 1979, Ford employed 36 black salaried workers in a black workforce of 1,242. Forty-two percent of the black workers received wages that were at the minimum or within 10 percent of the minimum wage. In 1979, Ford's minimum wage was set at a rate 16 percent below the recommended MEL of the University of Port Elizabeth.

Out of 1,184 salaried workers at General Motors in 1979, only eight were black. A total of three black workers had been added to the salaried staff at General Motors in three years' time. In 1979, more than half of the black workers were earning wages that were at or within 10 percent of the minimum wage. The minimum wage established by General Motors was 16 percent below the MEL recommended by the University of Port Elizabeth.

A large portion of the labor force at the Masonite Corporation plantation sites is composed of unskilled black labor. In 1979, 240 of these workers were migrants who lived in single-sex hostels on the plantations. Nearly 40 percent of the black workforce on the plantations cut and stripped eucalyptus trees six days a week for a wage of $40 to $44 per month.

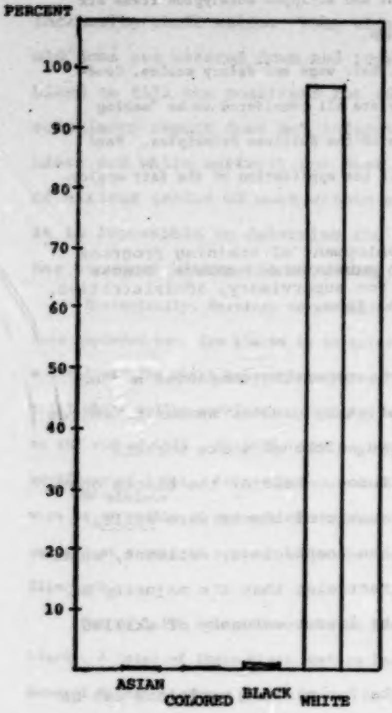
In spite of these grave inequities in their wage and salary scales, Goodyear, Uniroyal, General Motors, and Masonite are all considered to be "making acceptable progress" in their implementation of the Sullivan Principles. Ford is considered to be "making good progress" in its application of the fair employment code.

Principle #4 Initiation of and development of training programs that will prepare, in substantial numbers, blacks and other non-whites for supervisory, administrative, clerical and technical jobs.

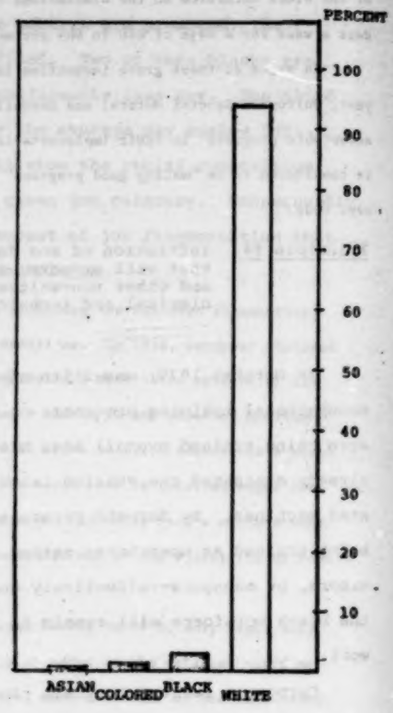
In October 1979, one-fifth of the reporting companies had no occupational training programs. A slightly greater number of whites were being trained overall than blacks, although white workers already dominated the skilled labor force. Half of the blacks operated machines. By far the greatest number of blacks were still being trained as operators, rather than technicians, artisans, supervisors, or managers--effectively guaranteeing that the majority of the black workforce will remain in the lowest category of skilled work.

Corporate failure to train blacks for skilled positions can be explained, in part, by the strictures of South African law. According to a Firestone official, whose company is supposedly "making acceptable progress," it is pointless to train blacks as artisans because blacks are ineligible for certificates of competency, without which they cannot be employed. According to the Arthur D. Little Company, the consulting firm that writes and compiles the compliance question-

**RACIAL COMPOSITION OF THE MANAGERIAL WORKFORCE IN SULLIVAN SIGNATORY COMPANIES (October 1979)**



**FUTURE COMPOSITION OF THE MANAGERIAL WORKFORCE IF ALL CURRENT TRAINEES ARE EMPLOYED**



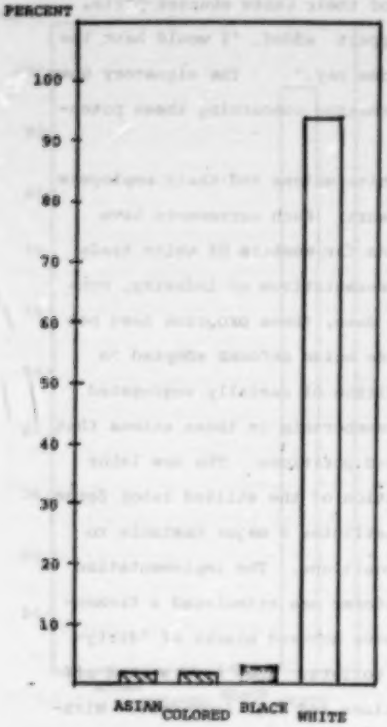
**NOTE: Work-Study Trainees are included in the calculations for the trainee, rather than the managerial, population.**

naires, highly skilled black craftsmen, who would otherwise qualify for artisan trade certificates, are often employed as "artisan apprentices," or "artisan trainees." However, since they lack job titles and descriptions equivalent to those of their white counter-parts, Arthur D. Little consultant Ellen Ruppert added, "I would have the suspicion that they do not have the same pay." The signatory companies were not asked to provide information concerning these potentially large pay differentials.

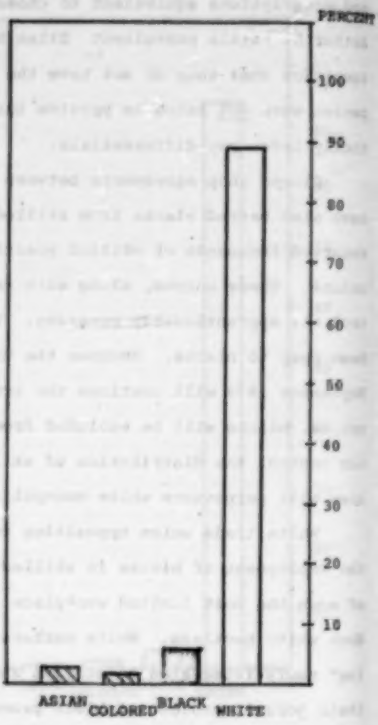
Closed shop agreements between white unions and their employers have also barred blacks from skilled work. Such agreements have reserved thousands of skilled positions for members of white trade unions. These unions, along with representatives of industry, control all apprenticeship programs. To date, these programs have not been open to blacks. Because the trade union reforms adopted in September 1979 will continue the tradition of racially segregated unions, blacks will be excluded from membership in those unions that now control the distribution of skilled positions. The new labor laws will perpetuate white monopolization of the skilled labor force.

White trade union opposition constitutes a major obstacle to the employment of blacks in skilled positions. The implementation of even the most limited workplace reforms has stimulated a tremendous white backlash. White workers have accused blacks of "dirtying" newly-integrated cafeterias and toilets. They have walked off their jobs in protest of black promotions and wage increases. Without the cooperation of the white workers and their unions, corpora-

**RACIAL COMPOSITION OF THE PROFESSIONAL WORKFORCE IN SULLIVAN SIGNATORY COMPANIES (October 1979)**



**FUTURE COMPOSITION OF THE PROFESSIONAL WORKFORCE IF ALL CURRENT TRAINEES ARE EMPLOYED**

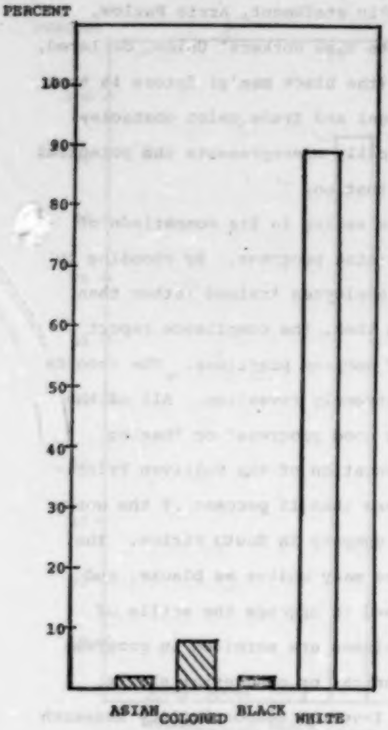


**NOTE:** Work-Study Trainees are included in the calculations for the trainee, rather than the professional, population.

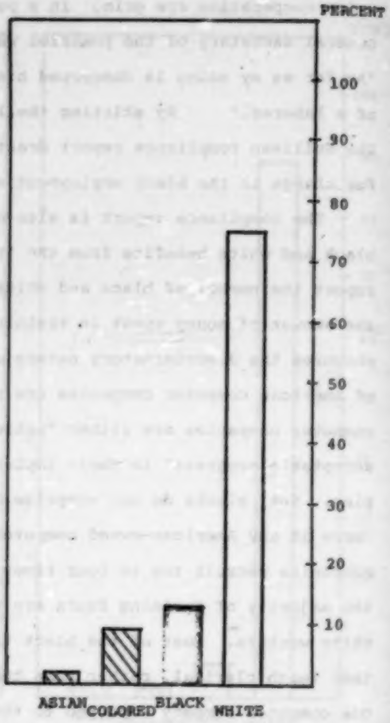
tions can do very little to alter traditional hiring patterns. While relatively few jobs are reserved for whites by law, tens of thousands are set aside by Industrial Council Agreements. Prospects for white union cooperation are grim. In a public statement, Arrie Paulus, General Secretary of the powerful white Mine Workers' Union, declared, "As far as my union is concerned his (the black man's) future is that of a laborer." By skirting the legal and trade union obstacles, the Sullivan compliance report drastically misrepresents the potential for change in the black employment situation.

The compliance report is also misleading in its comparison of black and white benefits from the training programs. By choosing to report the number of black and white employees trained rather than the amount of money spent in training them, the compliance report obscures the discriminatory nature of company practices. The records of American computer companies are extremely revealing. All of the computer companies are either "making good progress" or "making acceptable progress" in their implementation of the Sullivan Principles. Yet, blacks do not comprise more than 15 percent of the workforce in any American-owned computer company in South Africa. The companies recruit two to four times as many whites as blacks, and the majority of training funds are used to upgrade the skills of white workers. Most of the black trainees are enrolled in programs that teach clerical, rather than technical or managerial skills. One computer company reported to the Investor Responsibility Research Center that in 1978, it spent $67,000 on training for whites and

**RACIAL COMPOSITION OF THE ARTISAN WORKFORCE IN SULLIVAN SIGNATORY COMPANIES (October 1979)**



**FUTURE COMPOSITION OF THE ARTISAN WORKFORCE IF ALL CURRENT TRAINEES ARE EMPLOYED**



**NOTE:** **Work-Study Trainees are included in the calculations for the trainee, rather than the artisan, population.**

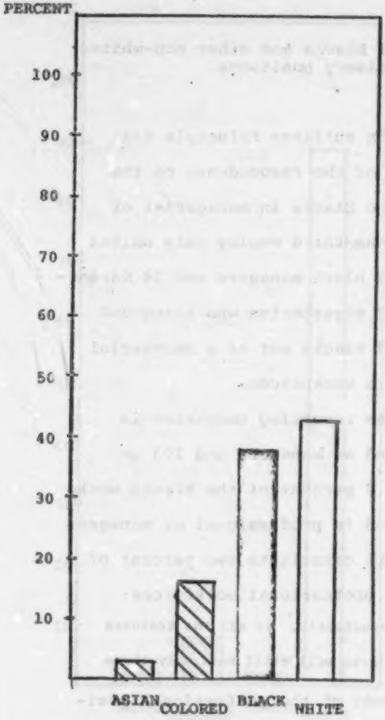
only $3,300 on training for blacks. The fact that these discriminating companies are in techical compliance with the Sullivan Principles is another indication of the code's ineffectuality.

**Principle #5** Increasing the number of blacks and other non-whites in management and supervisory positions.

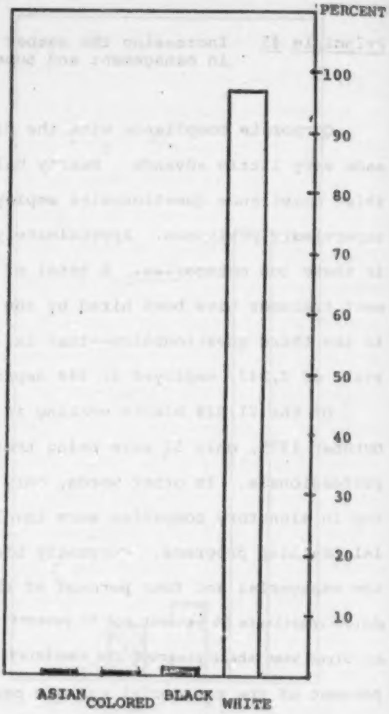
Corporate compliance with the fifth Sullivan Principle has made very little advance. Nearly half of the respondents to the third compliance questionnaire employ no blacks in managerial or supervisory positions. Approximately one-third employ only whites in these job categories. A total of 43 black managers and 24 management trainees have been hired by the 97 signatories who responded to the third questionnaire--that is, 67 blacks out of a managerial staff of 3,243, employed in 244 separate workplaces.

Of the 21,029 blacks working in the reporting companies in October 1979, only 52 were being trained as managers and 103 as professionals. In other words, only 0.7 percent of the blacks working in signatory companies were involved in professional or managerial training programs. Currently blacks constitute two percent of the managerial and four percent of the professional workforces; whites constitute 96 percent and 92 percent respectively. If all the trainees are hired when their programs are completed, blacks will still hold only three percent of the managerial and six percent of the professional positions. Whites will continue their virtual monopoly of these jobs by occupying 94 percent of the managerial and 89 percent of the profes-

**RACIAL COMPOSITION OF THE WORKFORCE IN SULLIVAN SIGNATORY COMPANIES (October 1979)**



**RACIAL COMPOSITION OF THE MANAGERIAL WORKFORCE IN SULLIVAN SIGNATORY COMPANIES (October 1979)**



sional slots. Since most of the black workers are being trained for low-level positions and most of the whites for highly skilled work, the skewed ratio of white to black management, professional, and skilled workers will remain constant.

According to the Arthur D. Little Company, managers are defined as "individuals who set broad policies, exercise responsibility for executing policies, or direct individual departments or components of a company's operations." Supervisors are persons who "supervise other individuals or an activity which is highly specific with respect to objectives and content, usually requiring specialized skills acquired on the job." The third compliance report does not distinguish between various work grades within these broad categories. It does not differentiate between the managers who take charge of the companies' cafeteria facilities and those who oversee the companies' financial operations. According to Arthur D. Little consultant Ruppert, the 14 percent of the supervisory workforce who are black supervise whites "only in very, very rare cases." Black supervision of white workers is illegal in many industries, and, Ruppert stated, "The law in that respect is still quite strong." Ruppert was unable to estimate the number of blacks who do supervise white or integrated workforces since that particular item "was not measured."*

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* According to a provision of the Industrial Conciliation Act of 1924, white workers and their employers may bar blacks from skilled and supervisory positions through Industrial Council Agreements. A number of industries have used this law to prevent blacks from supervising whites. For example, the building industry's Industrial Council Agreement states that if a black worker is promoted, white workers are to receive corresponding promotions, retaining their edge on skilled and supervisory positions. Although a number of signatories have dis-

The Sullivan compliance questionnaires failed to ask a number of other critical questions. As a result, the compliance report portrays the signatory companies as more "progressive" than they actually are. For example, one-third of the questionnaire respondents employ no non-whites in managerial/supervisory positions that are comparable to those held by whites. The Arthur D. Little report does not indicate how many companies employ no blacks in managerial/supervisory positions that are comparable to those held by whites. Given the traditional hiring patterns in South Africa, one can safely assume that the number would be even greater than one-third; the inclusion of hiring statistics for coloreds and Asians invariably skews the ratio downward. Similarly, the report does not indicate the relative number of whites and non-whites employed in "comparable positions." It makes no distinction between a company employing one black and 50 whites at comparable levels and one employing 29 blacks and 30 whites.

Finally, the Arthur D. Little Company defines "comparable position" in such broad terms that it seriously distorts the actual workplace situation. Any company that employs a white manager or supervisor and "also has one or more managers (or supervisors) of another race," is considered to have white and non-white managers/supervisors in com-

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regarded various separate facilities laws without legal repercussions, supervisory regulations are enforced much more rigorously. Thus, the ability of the signatory companies to implement fair and racially unbiased employment practices is severely restricted by prejudicial South African laws.

parable positions. Again, the report does not differentiate between the grades of work within each job category. To imply that all positions--and pay scales--are comparable is a total misrepresentation of the case.

A sampling of hiring practices in individual signatory companies illustrates the lack of progress on the fifth Sullivan Principle. As of June 1978, Union Carbide employed only white managers and supervisors. Three-quarters of the professional staff was also white. Exxon had no non-whites in management or professional positions. In June 1979, Ford Motor Company employed solely white managers. Ninety-five percent of Ford's professionals were white; four percent were black. Blacks comprised six percent of the supervisory workforce (whites, 72 percent); two percent of the artisans (whites, 89 percent); four percent of the technicians (whites, 89 percent); and nine percent of the clerical workers (whites, 47 percent). According to the third Sullivan compliance report, all of these companies are making either "good" or "acceptable" progress in their implementation of the equal employment code.

The semblance of racial equality is not difficult to achieve if a corporation is capital-intensive and hires very few blacks. If only a handful of blacks are employed, the addition or promotion of one or two blacks translates into a much-improved percentage point record. Hewlett-Packard, for example, had a workforce of 79 in June 1978. Sixty-nine of those workers were white, and seven were black. According to the first Sullivan compliance questionnaire, Hewlett-Packard had no black managers or professionals, one black supervisor,* two black artisans, and five black clerical workers. One year later, the computer company was listed among those signatories who were "making good progress" in their implementation of the Sullivan Principles. If Hewlett-Packard added one black supervisor to its workforce between June 1978 and June 1979, its record in that category would have improved by 100 percent. If the company employed one black manager, its score would have soared over 100 percent in terms of employment practices improvement.

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* There was no explanation for the "extra" black position.

Control Data, like Hewlett-Packard, would be hard pressed to defend its employment record. In June 1979, the computer company employed a white workforce that was 16 times larger than the black workforce. Out of a total of 270 Control Data employees, only 14 (5.2 percent) were black. Although there are 10 categories of work in the company, all of the blacks were employed in the bottom three. Nine of the 14 blacks worked in the lowest job category. No blacks were being trained as sales personnel, technicians, supervisors, professionals, or managers. Nearly 73 percent of all white workers outranked the senior black employee. In spite of its weak employment record, Control Data is considered to be "making good progress" in its implementation of the Sullivan fair employment principles.

Honeywell has also been given a high rating by the Arthur D. Little Company. According to the third compliance report, Honeywell is "making acceptable progress" in its implementation of the Sullivan code. However, in June 1979, Honeywell employed 43 blacks in a workforce of 156. There were no blacks in managerial, supervisory, professional, artisan, technical, or sales positions. In 1979, only one black earned a salary at Honeywell. That employee was the only black who worked in a job category that also included white workers, and his salary did not even meet the average pay-level for the job category. All white hourly workers were concentrated in the two highest pay grades, while Honeywell's black employees worked within the eight lowest grades of pay.

**Principle #6** Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

The evaluation of signatory progress in the implementation of the sixth Sullivan Principle is severely lacking in detail. One of the two tables shows the number of blacks, whites, coloreds, and Asians benefitting from each type of assistance. It does not show the amount of money allotted to the employees in each racial group. Consequently, it is impossible to determine whether or not the benefits were evenly distributed, whether individuals were substantively assisted, or whether corporate efforts were no more than token gestures. While the table shows that blacks were the recipients in 55 percent of the instances of subsidized schooling, scholarship, and other educational assistance-----it does not mean that they received 55 percent of the allocations. White children were the beneficiaries of 75 percent of the scholarships donated by corporate signatories. Black children received only 11 percent--in spite of the fact that the South African government spends 10 to 20 times more on each white student than on each black.

According to the second compliance report, released in April 1979, housing aid fell at the bottom of the benefit list. In 1978, the 177 reporting locations contributed a total of $23,777 towards employee housing--or 0.6 percent of their total assistance allocations. If the housing funds were evenly distributed, each of the 3,989 housing aid recipients would have received $5.96 to shelter his family for one year. However, given the characteristically unequal distribution of benefits in South Africa, it is more than likely that the white workers received a disproportionate amount of the benefits and that black families were given substantially less than $5.96 a piece.

By the time the third compliance report was released in October 1979, corporate contributions to employee housing had greatly improved. However, the 5,387 housing aid recipients still received a token amount of assistance. During the first half of 1979, they received an average of $91.68 per employee. At the same time there was a waiting list of nine years for rental accomodations in the townships. Blacks, who are now allowed to purchase homes--but not land--in the township areas, have been told that they will never find a house unless they buy one. The cheapest homes outside Johannesburg cost nearly $8,000 and require a downpayment of $1,840. When nearly half of the black workers in signatory companies earned less than $2,100 per year in 1978, the prospect of purchasing such a home is virtually inconceivable. Within this context, signatory contributions for housing assistance are hardly significant.

Some signatory companies have made home improvement loans to black employees who already have living accomodations. Ford Motor Company, for example, granted a total of 29 home improvement loans to black workers between 1972 and 1978--that is, an average of five loans per year for a black employee population of 1,278. According to a report by the Investor Responsibility Research Center, some signatories have refused to make home improvement loans to blacks because most of them do not own property, and thus have no collateral.

While the 134 American signatory companies contributed less than $500,000 towards employee housing during the first six months of 1979, the black housing crisis has reached astronomical proportions. South African government sources estimate that 500,000 black homes are needed--but not planned--every year for the next two decades. Given the current state of affairs, $91.68 per employee--or less for blacks--

can hardly be considered an "improve(ment) in the quality of employees' lives."

PAYING LIP SERVICE TO REFORM

In October 1979, more than two and one-half years after the Sullivan Principles were first introduced, the employment picture in signatory companies looked extremely bleak. Seventy-one percent of the black workers still worked in segregated job categories; nearly one-quarter were employed in the lowest category of work. Approximately one-half of the respondents to the third compliance questionnaire employed no blacks in managerial or supervisory positions. Only one company had signed a contract with a black trade union. Three-quarters of the scholarships distributed by the signatories went to white children. The amount of housing aid provided during the first six months of 1979--if evenly matched for the remaining six months and evenly distributed among the 5,387 recipients--would allow a black employee to purchase a home, only if he received an equal amount of money every year for 44 years.

If the Sullivan Principles are not working within the limited context of signatory workplaces, they will certainly not impact upon South Africa as a whole. If signatory companies will not implement progressive practices on their own factory floors, it is preposterous to think that they can serve as a "progressive force" in South Africa. While these companies provide jobs to only 0.2 percent of South Africa's black workers, they perform some of the most vital functions in the apartheid economy. They help to sustain a system that deprives 18.6 million black people of citizenship, political rights, and legal recourse. They provide critical support to a legal structure that denies nearly three-quarters of the population the right to own land, live with their families, move freely about the country, and work at jobs of their own choosing. Finally, they bolster an economy that denies the majority of the population a basic education, decent housing, and adequate health care. While these companies make gestures toward reform, their changing labor practices do not portend the destruction of apartheid. The training of blacks for skilled work is simply a concession to the changing needs of the apartheid economy. The implementation of the Sullivan Principles is intended not to eliminate apartheid, but to "modernize" it and ensure its perpetuation.

The Sullivan signatories have failed to fulfill their stated purpose. Yet, the employment code has served the needs of its proponents. It has smoothed the path of American corporations who want to profit from the cheap labor economy without interference from dissatisfied black workers or a critical American public. It has served the interests of the United States government, allowing it to profess a progressive policy without actually confronting the white minority regime. Finally, the Sullivan code has benefitted the South African supporters of the apartheid system. It has allowed them to appear tolerant because they have not opposed the code's implementation. It has ensured the safety of American capital and technology, investments that strengthen and perpetuate the apartheid system.

The major group not served by the Sullivan employment code is the group of 22 million non-white South Africans--three-quarters of the country's people. The vast majority of these people have not benefitted from any degree of employment reform. To them, the Sullivan Principles mean business as usual--the continuation of American investments which bolster the apartheid economy. Whether or not the code is implemented is irrelevant to their lives. Such "improvements" upon the system will only prolong their suffering.

## MODERATE REFORMS WITH LIMITED SCOPE

The Sullivan signatories have failed to bring about significant employment reform. They have touched the lives of a very limited number of people. Yet, the real weakness of the employment code lies not in its faulty implementation, but in its underlying intention. The purpose of the Sullivan Principles is reform, not radical change. The principles were never meant to strike at the root of apartheid. They make no demand for black political rights. They do not challenge the policy of separate development. They do not call for the abolition of forced migratory labor or the pass laws--the legal network that ensures white capital a controlled supply of cheap black labor. The Sullivan Principles ignore the fact that black impoverishment is the product of a legal structure that denies blacks the right to acquire skilled work and effectively organize to protect themselves as workers. They do not challenge the laws that prevent three-quarters of the population from owning land and conducting business throughout most of South Africa. The Sullivan Principles are piecemeal reforms that allow a cruel system to survive.

The American business code treats apartheid as a matter of unfair employment practices that can be remedied through the implementation of a corporate code of conduct. However, apartheid is not simply a matter of racial discrimination. It is an economic system, legitimized by law and enforced by a powerful police state. Its primary purpose is to concentrate the nation's wealth and power in the hands of the white minority. To discuss "affirmative action" hiring practices for blacks is an absurdity, in light of the fact that they constitute nearly three-quarters of the country's population. Black impoverishment is not incidental to the system. The creation of a vast reservoir of cheap powerless labor, through the economic dispossession of the majority of the South African population, is the foundation upon which the structure of apartheid is built. The Sullivan Principles do not address--much less challenge--these fundamental economic issues.

## "THE SULLIVAN CODE HAS FAILED"---OPPOSITION FROM BLACK SOUTH AFRICA

If the Sullivan Principles miss the point of apartheid, it was not through oversight. Reverend Sullivan wrote the principles in consultation with white South African business leaders; the final draft was approved by the South African government. At no stage in the initial development were black workers or community leaders consulted. The South African government saw to it that any threatening words were removed and that the stipulated reforms were not too specific. One notable change concerned corporate intervention in South African affairs. The initial draft read:

> Where the implementation (of the code) requires a modification of existing South African laws and customs, we will seek modification through appropriate channels.

At the request of the South African authorities, Sullivan deleted "laws and customs" from the final draft and wrote only of modifying "working conditions."

Reverend Sullivan now claims that he has consulted "black leaders living in South Africa" with regard to the employment code. However, these channels of communication have only recently opened. It was not until July 1979 that the signatory companies established a monitoring committee which included black South African leaders. In December 1979, following the dismissal of 700 striking black workers at a Ford plant in Port Elizabeth, three of the most prominent members of the committee resigned. Percy Qoboza, former editor of the World, Dr. Nthato Motlana, chairman of the Soweto Civic Association, and Bishop Desmond Tutu, General Secretary of the South African Council of Churches, told the press that the Ford dispute indicated that "the Sullivan code had failed." Dr. Motlana was particularly disturbed by the silence with which Reverend Sullivan and his associates had greeted the dispute.

Long before they joined the Sullivan Principles monitoring committee, Dr. Motlana and Bishop Tutu had been critics of international economic ties to South Africa. In April 1978, Motlana told the New York Times:

> If I said that the only way to bring change would be total economic sanctions, I would be liable to go to jail. So let's just be cagey. Let's just say that I support 'pressures', and leave it at that.

In the fall of 1978, Bishop Tutu told the press:

> We ask our friends to apply economic pressure...Our last chance for peaceful change lies in the international community applying political, diplomatic and especially economic pressure...Any black leader who calls for economic sanctions is already guilty of treason under the Terrorism Act and subject to five years in prison or death. We have said as much as we can possibly say. We hope we have reasonably intelligent friends overseas who will know what we're saying.

According to Massachusetts Senator Paul Tsongas, who visited South Africa shortly after the resignations, the sentiments expressed by the three black leaders are the rule, rather than the exception in the black community. Tsongas reported that he met with at least 20 blacks, not one of whom was in favor of continued U.S. U.S. investment in South Africa--with or without the Sullivan Principles. Even those leaders who had promoted U.S. investment in the past are no longer advocating it, Tsongas said. These leaders have not publicly called for disinvestment because such statements are punishable as treason in South Africa.

Although Reverend Sullivan may still find some support for his employment code among certain "black leaders living in South Africa," he will not find support in the exiled community. The national liberation movement has taken a strong position against any foreign investments in South Africa. In November 1977, the African National Congress stated that:

> The call for the international isolation of South Africa has come initially from the people of South Africa. No organization, save those that accept apartheid and work within the system, has supported continued foreign investment in the apartheid economy.

The same year, John Gaetsewe, General Secretary of the banned South African Congress of Trade Unions (SACTU) declared that:

> The ending of foreign investment in South Africa...is a means of underwining the power of the apartheid regime. But it is of such importance that there can be no compromise whatsoever about it from our point of view. Foreign investment is a pillar of the whole system which maintains the virtual slavery of the Black workers in South Africa.

Many of the black leaders who had previously condemned all forms of foreign investment were willing to give the Sullivan Principles a chance. However, the massive firings at Ford, followed by three prominent resignations from the Sullivan monitoring committee, destroyed all remnants of support for the code among leading black South Africans.

## ABIDING BY THE TERMS OF SOUTH AFRICAN LAW

If the South African government has not obstructed the implementation of the Sullivan Principles, it is because they do not threaten apartheid's basic structure. Only the first principle entails a possible violation of South African law; the desegregation of facilities is illegal in certain types of businesses. While some signatory companies have refused to integrate on the grounds that they would be breaking their host country's laws, the South African government has turned its back on such minor infractions by other signatory companies. If it takes the integration of lunchrooms and toilets to ensure the survival of a cheap labor economy, then these token changes must be made. If domestic pressure requires that American corporations reform their employment practices or get out of South Africa, the minority regime will allow them to implement superficial employment reforms. Even the South African government is aware that apartheid's petty features must be abolished in order to preserve the foundation of the entire system.

Signatory companies have perceived it to be in their best interests to cooperate with the white minority regime. The South African government and its agencies are among their major business clients. To confront the apartheid system--and the cheap labor and high profits that it entails--would be antagonistic to their business senses. However, if these companies were pressed to challenge apartheid structures, any significant action would be blocked by South African law. Parent companies in the United States have no legal jurisdiction over the activities of their subsidiaries in South Africa. All companies operating in South Africa must comply with the terms of the National Supplies Procurement Act, which empowers the Minister of Economic Affairs to order any company to manufacture on demand any product the government determines to be essential to national security. If a company refuses to comply, the government "may, without legal process, seize the goods in question " or take over the company's production processes. When the law was activated in 1977, the Financial Mail wrote, "It is the general impression that foreign controlled firms supplying the Department of Defence could be commandeered if their parents instruct them to stop supplying goods which (the government) needs."

After the black uprisings of 1976 and 1977, the South African government passed a number of laws prohibiting the release of "strategic" business information to foreign individuals, governments, or corporations. The Atomic Energy Act of 1978 and the Petroleum Products Act of 1977 prohibit the release of nuclear and energy-related information. The Petroleum Products Act authorizes the Minister of Economic Affairs to regulate the purchase, sale, or use of any petroleum product. Under South African law, oil companies must sell their products to any credit-worthy South African customer--including the South African security forces.

The terms of the Official Secrets Act prohibit foreign subsidiaries from disclosing the details of standing agreements between those companies and the South African government. In fact, they are not even permitted to reveal whether or not these agreements exist. Any one of these statutes could prevent American subsidiaries from complying with a U.S. government order to report on their activities or to cease all sales of strategic materials to the South African government and its agencies.

South Africa has learned to cover its flanks. It can commandeer supplies. It can censor information. In the summer of 1978--largely in response to the introduction of the Sullivan compliance questionnaires--the government passed the Protection of Business Act, rendering it a criminal offence to pass any business-related information out of South Africa, unless granted permission to do so by the Minister of Economic Affairs. The express purpose of the Act is:

> To restrict the enforcement in the Republic of certain foreign judgments, orders, directions, arbitration awards and letters of request; to prohibit the furnishing of information relating to businesses in compliance with foreign orders, directions, or letters of request; and to provide for matters connected therewith.

Subsidiaries operating in South Africa can be prevented from giving information to their parent companies--even if ordered to do so by an American court. As a consequence of this act, signatories of the Sullivan Principles must file their compliance questionnaires with the South African government before forwarding them on to the United States. A number of companies, failing to give detailed accounts of their activities in South Africa, cited this law as their obstacle.

The Protection of Business Act has even prevented the United States government from obtaining information concerning the activities of American subsidiaries in South Africa. One State Department official reported that, throughout his fact-finding tour of U.S. subsidiary operations, company executives consistently brought South African lawyers to their interviews. These lawyers would prompt the businessmen, telling them which questions they could not answer without breaking South African law. If parent companies cannot get the truth from their South African subsidiaries, and the United States government cannot obtain detailed reports on U.S. corporate activities under the apartheid system, how can American businesses guarantee their subsidiaries' compliance with the Sullivan Principles? Reverend Sullivan has declared that he would use his personal influence to counter the implementation of such laws as the National Supplies Procurement Act. Yet it is difficult to believe that his arguments could alter the government's strategic course.

## MONITORING THE MONITORS

> It is our firmly considered view that liberal opinion--however well-intentioned it may appear--that opposes our campaign for (corporate) withdrawal is, in the long run, only delaying the change that is essential if South Africa is to be rid of apartheid and slave labor. It is not enough to grant higher wages here, better conditions there, for this leaves the apartheid system intact, in fact it props it up for longer--the very source of our misery and degradation.
>
> African National Congress

### The Edna McConnell Clark Foundation

Although American companies clearly have a stake in South Africa's present economic system, signatories to the Sullivan Principles have been asked to monitor their own compliance to the fair employment code. Outside of the companies' semi-annual compliance questionnaires and the reports of the problem-ridden Sullivan monitoring committee in South Africa, there has been no way to gauge the progress of the Sullivan signatories.

In order to obtain a "non-corporate" perspective on the signatory companies' progress, Reverend Sullivan has initiated an on-site monitoring program. A group of three to five Americans, selected by the International Council for Equality of Opportunity Principles, is scheduled to tour a number of signatory facilities in the summer of 1980. A general report will be written, summarizing the data obtained from all of the companies. According to the International Council's executive director, Daniel Purnell, the report will be used for internal purposes and will not be available for public distribution.

Although the purpose of the on-site monitoring program is purportedly to acquire an impartial view of the principles' implementation process, the program sponsor is itself deeply involved in South Africa. The Edna McConnell Clark Foundation, a New York-based philanthropic organization whose assets are valued at $199 million, has provided grants totallying $80,000 to cover the cost of the monitoring trip. Ranked among the 20 largest foundations in the world, the Clark Foundation has more than $60 million--one-third of its total assets--invested in companies doing business in South Africa.

In a statement released on May 5, 1980, Edna McConnell Clark Foundation president, John R. Coleman, explained the foundation's motivations for giving the grant:

> The suggestion that our support for monitoring the Sullivan signatories' actions is motivated in any way by our investments in companies doing some part of their business in South Africa is pure, unadulterated hogwash. I am the one who framed the recommendation for support and the one who sold our trustees on it. Not once then and not once since did I assume we should do this to preserve our investments.
>
> Our support was solely because, believing that American corporations would do better to stay in South Africa and move as rapidly toward equal opportunity as possible, we felt some one should be there looking over their shoulders and prompting them to act. If the Sullivan Principles can produce proven progress without violence, that is enough for us in human terms, the only terms that influenced our grant.

**The Arthur D. Little Company**

**Prior to obtaining the grants from the Clark Foundation, the International Council supported its operations solely through personal and corporate gifts. At a press conference in October 1979, Reverend Sullivan stated that much of the money came out of his own pocket, those of his fellow ministers, or was donated by the congregation of his 6,000 member Zion Baptist Church. Reverend Sullivan also stated that the signatory companies have borne some of the costs of running the International Council as well as the full expense of compiling the compliance questionnaires and reports. A large portion of these expenses have been paid to the Arthur D. Little Company in Cambridge, Massachusetts for its analysis of the compliance data and its publication of the summary reports.**

**Working with apartheid is not new to the Arthur D. Little Company. Prior to its contract with Sullivan's International Council, the prestigious consulting firm had other business connections with South Africa. For more than a decade, Arthur D. Little has had economic and managerial links to the Space Research Corporation, a company whose top officials have pleaded guilty to illegally shipping arms to South Africa. In December 1978, the Rutland Herald reported that the Arthur D. Little Company had acquired 50 percent ownership of Space Research in the mid-1960's, in exchange for providing administrative and technical assistance to the financially ailing company. In September 1968, four Arthur D. Little executives joined the Space Research board. A few years later, the Arthur D. Little Company deeded its Space Research equity to its own majority holding company, a multi-million dollar investment trust fund, Memorial Drive Trust. According to Jean de Valpine, chief executive officer of Memorial Drive Trust and chairman of the board of Space Research until 1977, the trust fund continued to be a major shareholder in the Space Research Corporation, at least until a federal grand jury launched an investigation into the Corporation's activities in 1978.**

In March 1980, the two chief officers of Space Research pleaded guilty to shipping some 53,000 extended-range artillery shells to South Africa--in violation of U.S. law, United Nations sanctions, State Department regulations, and the customs agreements of several countries. The pleas grew out of a 15 month long federal grand jury investigation, which uncovered evidence that Space Research had shipped an estimated $50 million worth of artillery shells and technology from the United States to South Africa between 1976 and 1978, following a circuitous route that involved several countries.

A few days prior to the entrance of the guilty pleas, the Burlington Free Press revealed that Space Research has been one-fifth owned by the South African government since 1977. Free Press reporters Sam Hemingway and William Scott Malone established that, through a complex financial arrangement, the South African government was able to funnel $10 million into Space Research in 1977, acquiring 20 percent ownership and saving the company from economic bankruptcy.

South Africa's search for sophisticated extended-range artillery shells began in October 1975. At that time, a South African military official approached the CIA station chief in Pretoria, requesting the extended-range 155mm howitzer shells for use against Cuban troops in Angola. Officially, the CIA denied the request. However, "unofficially," CIA operative, Colonel John J. Clancey, began scouting out a commercial supplier for the shells.

According to John Stockwell, then head of the CIA's Angola Task Force, Clancey claimed that he had located a commercial supplier through an arms dealer in Belgium. The dealer, Colonel "Jack" Frost, had helped Clancey obtain arms for the CIA's $50 million covert operation in Angola and was listed in State Department documents as a consultant to Space Research during its earlier sale of howitzer shells to Israel. At the suggestion of Jack Frost, five top South African military officers visited Space Research in early 1976. By April, representatives of the Space Research Corporation and the South African government had signed an agreement for the sale of 53,000 155mm shells through a Space Research affiliate in Belgium.

The extent of U.S. government involvement in the illegal arms transaction has not yet been fully exposed. However, there is documented evidence that officials at various levels of the government were aware that a deal was being made. In late 1975, Jack Frost informed the Office of Munitions Control at the State Department that he had advised the South African military to contact the Space Research Corporation concerning a possible arms transaction. The State Department took no action to prevent the negotiations from going any further. In early May 1976, the Pentagon received a Space Research request to purchase 50,000 shell forgings (semi-finished shells) from an army munitions plant in Scranton, Pennsylvania. The sale was approved in record time, and Space Research was exempted from Defense Department regulations that require written indication of the shells' destination and purpose. At the same time, the Office of Munitions Control waived the requirement that Space Research obtain an export license to ship the forgings across the border into Canada, where the company's manufacturing facilities are located. On three separate occasions between December 1977 and January 1978, U.S. Navy-chartered vessels shipped the finished shells from Port Canaveral, Florida, to Antigua, from whence they were shipped to South Africa.

If the United States government was aware of an irregular arms transaction involving the Space Research Corporation, it is highly unlikely that the corporation's Board of Directors got no wind of it. At least 10 Space Research engineers and technicians took extended trips to South Africa in 1977 and 1978 to train South African military officers in the use of the new equipment. The leader of the Space Research team was later employed by one of the South African companies that received the artillery shells. Throughout most of this period, Jean de Valpine was Chairman of the Board of the Space Research Corporation, representing the interests of the Arthur D. Little Company.

**As late as March 1978, at the same time that the Arthur D. Little Company was undertaking the task of monitoring corporate compliance to the Sullivan Principles, Space Research was involved in illegal arms sales to South Africa. Simultaneous with the promotion of the Sullivan plan for "ending apartheid...without a violent war, and without the loss of untold numbers of lives," Space Research was assisting the apartheid regime in its efforts to arm a military devoted to defending apartheid by force. An obvious conflict exists between the Arthur D. Little Company's involvement in the Space Research scandal, through the interests of its majority holding company, and its monitoring of the Sullivan equal employment code. In spite of these revelations, Reverend Sullivan has publicly avowed his faith in the judgment and competency of the firm and has made no inquiry into the issue.**

## Chapter II

## THE STRATEGIC ROLE OF SULLIVAN SIGNATORIES

> NCR does not pretend that ending apartheid or changing other aspects of the South African society is our main reason for wanting to continue our operations in South Africa. Our primary purpose, as is true with other U.S. corporations, is to strengthen our company, for the good of our shareholders, and by extention to strengthen the U.S. economy as a whole. We believe this is a legitimate goal and one that should not be toyed with through political manipulation which is not likely to affect the desired result...
>
> B. Lyle Shafer, Vice President, NCR
> To the U.S. House of Representatives,
> July 12, 1978

The signatories to the Sullivan Principles are among the U.S. corporations with the greatest stake in the South African system. They control the most strategic sectors of the economy--33 percent of the motor vehicle market, 44 percent of the petroleum products market, and 70 percent of the computer market. Even more important than American investment has been the transfer of American technology and expertise. According to British economist, John Suckling, the input of new technology and know-how has been the most important contribution of foreign investment to the South African economy--accounting for 40 percent of the growth in South Africa's GDP between 1957 and 1972. The most significant contribution has come from American companies, among them the most prominent signatories of the Sullivan Principles.

According to a Senate Foreign Relations Committee report released in January 1978, American investments and loans have provided critical assistance to the South African government during the periods of its worst economic difficulties. That assistance will cushion the blow of any punitive actions against the regime by the world community:

> International credit provided the margin of funds needed by South Africa in the 1974-76 period to finance its military buildup, its stockpiling of oil, and its major infrastructure projects in strategic economic sectors such as transportation, communications, energy, and steel production, all of which are related to security needs.*
>
> ...The net effect of American investment has been to strengthen the economic and military self-sufficiency of South Africa's apartheid regime, undermining the fundamental goals and objectives of U.S. foreign policy.

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* South Africa's concern with military and strategic stockpiling has been growing steadily since the mid-1970's when national liberation forces overthrew the Portuguese colonialists in the neighboring countries of Angola and Mozambique, and black unrest in the urban townships broke to the surface in South Africa. The looming threat of international sanctions and the cut-off of Iranian oil in early 1979 dramatized the urgency of South Africa's program for strategic self-sufficiency.

Although the strategic significance of American involvement in South Africa has been studied from a variety of perspectives, none of the studies have focused on the Sullivan signatories per se. These corporations are considered to be among the most progressive businesses in South Africa. Their implementation of "fair employment practices" has been heralded as the inspiration for a new business trend--the ending of apartheid on the factory floors. Unfortunately, the employment practices of Sullivan signatories do not vary greatly from those of non-signatory companies. There have been no real advances towards equal employment practices and equal pay. The Sullivan Principles are being used to camouflage corporate collaboration with apartheid. In this regard, signatories of the Sullivan Principles are among the worst offenders.

THE MOTOR VEHICLE INDUSTRY

The October 1979 Sullivan compliance report considers Ford Motor Company to be "making good progress" and General Motors to be "making acceptable progress" in their implementation of the Sullivan Principles. However, the contributions that these companies make to the apartheid government far outweigh their "good progress" in the implementation of the Sullivan Principles. and General Motors provide the South African military and police establishments with motor vehicles, in spite of the 1978 Commerce Department regulations which prohibit the sale of any American commodity to the South African military or police. Ford and G.M. by-pass these regulations by providing these agencies with South African-made vehicles that do not contain any American-made component parts. Likewise, Firestone and Goodyear--also deemed to be "making acceptable progress"--sell tires to the South African government. These tires, which can be used on military or police vehicles, are made by American subsidiaries located outside the United States.

cars and possibly other wheeled, non-fighting vehicles such as trailers and supply or medical units." The company would also encourage its white employees to "volunteer to join a local commando unit...The G.M. commando unit would assume guarding responsibility for the G.M. plants and would fall under the control of the local military authority for the duration of the emergency..." The G.M. contingency plan makes it clear that the corporation perceives its interests to be identical to those of the South African government. Although General Motors claims that the contingency plan is no longer in effect, it was, at least until 1978, official G.M. policy. While General Motors signed the employment code written by a member of its own board, it seems highly unlikely that the Sullivan Principles will stand in the way of G.M.'s cozy relationship with the South African government.

## Ford

Signatory companies are rated in terms of their implementation of the Sullivan Principles--not their degree of non-cooperation with the South African regime. Ford and General Motors fall short according to both criteria. Yet Arthur D. Little considers them to be model signatory companies. In August 1979, after touring the South African subsidiaries of both Ford and General Motors, American civil rights activist, the Reverend Jesse Jackson, told the press that he was "not impressed" with their efforts to improve the conditions of black workers.* "They are doing too little in proportion to their potential," Jackson said. "There are still too few blacks in management and almost no blacks in major decision-making positions."

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* Reverend Jesse Jackson, a longtime civil rights activist, who is currently the director of Operation PUSH, a Chicago-based community self-help organization, is not affiliated with the Sullivan monitoring group.

Since Jackson's visit, the conditions at Ford have worsened. In November 1979, Ford Motor Company, one of the largest U.S. investors in South Africa and one of the biggest employers in the South African automotive industry, fired nearly all of the black workers in its Struandale Port Elizabeth plant. Seven hundred black workers were dismissed when they walked off their jobs in protest of racist treatment by white workers and the white officials who fill nearly all of the management and supervisory positions. Prior to the walk-out, Ford had posted notices indicating that refusal to do "reasonable over-time" would be regarded "as formal resignation." The company had also banned workers' meetings on factory property.

The forced resignation of Thozamile Botha, a black political activist, was the spark that ignited the Ford dispute. Botha, who was ultimately reinstated, listed some of the workers' grievances against the company:

> For example, 'equal pay for equal work.' According to the company, we have it. In reality, what we have is equal grade for equal work--but with huge differences of pay within each grade, whites right at the top of the scale and blacks at the bottom.

The workers also claimed that Ford consistently reserved the best jobs for whites, favored the whites in training programs, and refused to consider the black workers' grievances.

By January 1980, the situation surrounding the Ford dispute had deteriorated significantly. After months of tense negotiations, Ford finally agreed to reinstate the striking workers. A few days later, the South African security police raided a meeting of the Port Elizabeth Black Civic Organization, the activist group that had been organizing strikers at the Ford Motor plant. More than 20 PEBCO members were detained, including five members of the group's executive. PEBCO president and Ford activist, Thozamile Botha, was imprisoned. PEBCO vice

| Department/agency | Ford vehicle sales to South African public sector | | | | |
|---|---|---|---|---|---|
| | 1977 | 1976 | 1975 | 1974 | 1973 |
| South African railways | 87 | 470 | 1,357 | 776 | 490 |
| Provincial administrations | 480 | 843 | 809 | 654 | 331 |
| Homelands | 505 | 510 | 367 | 157 | 105 |
| Police | 388 | 360 | 475 | 640 | 366 |
| Government transportation [1] | 170 | 380 | 545 | 2,000 | 1,055 |
| Republic administration | 113 | 274 | 103 | 92 | 131 |
| Post office and other | 350 | 206 | 463 | 125 | 101 |
| Total | 1,942 | 2,980 | 4,280 | 4,453 | 3,079 |
| Sales to Defense Ministry included above | 120 | 100 | 90 | 205 | 207 |
| Sales of U.S.-origin trucks to Defense Ministry | 29 | 78 | 64 | 136 | 124 |
| Sales of U.S.-origin trucks to police | 240 | 246 | 243 | 418 | 435 |

[1] Sales to Defense Ministry are included with Government transportation.

Note: In February 1978, in compliance with new Commerce Department export control regulations, all sales of U.S.-origin trucks to the South African police and military were halted.

Source: United States Private Investment in South Africa. U.S. Government Printing Office, 1978.

Even if the Commerce Department regulations were to be more rigorously enforced, U.S. government precautions would have little effect. According to an American Committee on Africa report, 90 percent of all sales to the South African government pass through a central clearinghouse similar to the U.S. General Services Administration. Consequently, Ford, G.M., Firestone, and Goodyear could continue to fill the needs of the South African security forces by funneling all contracts through the central government.

## General Motors

While the motor vehicle industry undermines the intentions of American law, it has pledged absolute obedience to the law of South Africa. In response to an inquiry about the company's relationship to the South African government, G.M. chairman Charles Murphy wrote,

> It is apparent to us that manufacturing plants involved in such basic industries as petroleum production and refining, mining primary metals, transportation, and machinery--industries which generate the lifeblood of any economy--also assume equally strategic importance in time of emergency. Any of our plants can be converted to war production as clearly demonstrated in the United States in 1941.

What Chairman Murphy did not say is that General Motors has its own contingency plan to be implemented "in the event of civil unrest" or "national emergency"--i.e. black rebellion.

According to the terms of the G.M. contingency plan, the company agrees to cooperate fully with the South African Ministry of Defense, which would establish "a military presence on the property," control "all aspects of security...regulate output and co-ordinate the entire industrial effort." G.M. states that it would act to "meet imposed requirements, e.g., trucks and commercial vehicles, passenger president, Liso Pityana, was banned. After spending nearly two months in prison, Botha and two other activists were released and banned under South Africa's International Security Act.

According to Zakhele George Manase, national organizer of the black United Automobile, Rubber and Allied Workers' Union (UARAW), and National Secretary of the Sullivan Principles monitoring committee, the attitudes and practices of other companies--such as General Motors--are no better than those at Ford. Manase stated that very little is being done to implement the Sullivan Principles in any of the signatory companies. There is no such thing as equal pay for equal work, he said. Discriminatory hiring practices are not being abolished. Manase further stated that his own union's progress is being hampered at General Motors by the personnel department, which is discouraging blacks from joining the union.

Although the black UARAW has been recognized at Ford, the practices of the union have come under heavy criticism by Black Consciousness leaders and the striking workers at the Ford plant. At a press conference convened by Bishop Tutu in December 1979, then-president of the Azanian African People's Organization, C. Nkondo, called the black union at Ford "a glorified committee." Ford activist, Thozamile Botha, said that initially, the union had been reluctant to support the workers "because they said the strike was political." Dr. Nthato Motlana and C. Nkondo, who had pledged their support for the striking workers, linked the UARAW with the nationwide black trade union movement, which they condemned as a spineless movement without any real power.

The weakness of the black trade union structure is exemplified by the situation at Ford. In spite of its prominent placement in Ford's public relations campaign, the UARAW has never signed a contract with the company and has no collective bargaining power. The automotive company has never dealt with the union directly; it has merely allowed a black union representative to sit on the company's liaison committee, a negotiating committee composed of management and worker representatives that lacks the legal power to enforce its contracts. Because the Ford workers could not effectively air their grievances through "proper" channels, they walked off their jobs in protest. Ford officials justified their strike-busting actions with the rationale that the walk-out had not been sponsored by the black union recognized by Ford, and thus, could not be considered a legitimate strike.

Throughout the duration of the Ford dispute, the South African government rejected all forms of intervention by American critics. According to the Johannesburg Star, the government refused to allow Reverend Jesse Jackson to take a high-level delegation to South Africa to investigate the labor unrest. The delegation would have included such prominent Americans as Cardiss Collins, chairperson of the Congressional Black Caucus; Richard Hatcher, Mayor of Gary, Indiana; and Marc Stepp, vice president of the United Auto Workers, which is affiliated with the black UARAW in South Africa. By denying the American delegation access to the site of the labor unrest, the South African government was able to prevent an independent investigation of the company's activities. It was not even necessary to invoke the Protection of Business Act in order to squelch an inquiry into the discriminatory practices of a Sullivan signatory company.

The implications of the Ford strike have made a strong impact on the thoughts of some U.S. government officials. Upon returning from South Africa in January 1980, Senator Paul Tsongas told the press;

> Ford had the most progressive hiring policies of all American companies and major companies in South Africa...(Yet) Ford had the strike. Mr. Botha, who led the strike, has already been in jail 14 days with a number of his colleagues. If that happens to Ford, which everyone thinks of as the most liberal U.S. company, you can imagine what the potential is in some other plants...The case of Ford Motor Company I think is devastating since they did adhere to reasonably good (employment) practices--and still it didn't work...The Sullivan Principles foundation in U.S. business, I don't think is worth anything.

An official of the U.S. executive branch stated emphatically that the Ford strike had sent "20 rounds of buckshot into the Sullivan Principles."

## THE COMPUTER INDUSTRY

Through the manipulation of legal loopholes, Ford and General Motors have managed to supply the strategic needs of the South African government without breaking U.S. law. Other companies have used less sophisticated methods. Control Data, for example, is considered to be "making good progress" in its implementation of the Sullivan Principles. On March 18, 1979, the St. Louis Post-Dispatch reported that the Minneapolis-based corporation had sold a major computer subsystem to a British firm, International Computers, Ltd., which incorporated it into a larger system that was sold to the South African police. The police intend to use the ICL system to implement the pass laws--the cornerstone of the apartheid structure. Due to the subsystem's final destination, Control Data's Britain-to-South Africa sales violated the Commerce Department's 1978 export regulations. The Post-Dispatch cited internal Control Data papers documenting the company's awareness of this fact. The computer company, a top category Sullivan signatory, is helping to implement a system responsible for the arrest of nearly 300,000 black people in 1978 alone. Nonetheless, the chairman of Control Data remarked the following year, "The little bit of repression that is added by the computer in South Africa is hardly significant."

Control Data is not the only American computer company making sales to the South African government. IBM, Hewlett-Packard, NCR, and Sperry Rand--all "making good Progress"--and Burroughs and Honeywell, who are "making acceptable progress" in their implementation of the Sullivan Principles, include the South African government among their major clients. The Commerce Department regulations prohibiting sales to the South African security forces have eliminated only a fraction of their sales.

American computers are used in every major sector of the South African government and economy. According to C. Cotton, managing director of Burroughs South Africa,

> We're entirely dependent on the U.S. The economy would grind to a halt without access to the computer technology of the West. No bank could function; the government couldn't collect its money and couldn't account for it; business couldn't operate; payrolls could not be paid. Retail and wholesale marketing and related services would be disrupted.

American firms control 70 percent of the computer market in South Africa. IBM is the single largest supplier and servicer of data-processing equipment, controlling between 38 and 50 percent of the market. At least one-third of IBM's business is with the South African government. IBM, Burroughs, and Sperry Rand have provided computers that implement the pass laws, control the flow of migratory labor, and link into the central data bank in Johannesburg that keeps tabs on all of South Africa's adult black population. All of South Africa's key industries--motor vehicles, petroleum, tire and rubber, mining, and banking and financing--are serviced by American computers. The National Petroleum Refiners, which oversees the highly strategic coal-to-oil (SASOL) conversion plants, and the Atomic Energy Board, which develops nuclear weapons as well as nuclear power systems, operate with the help of Sperry Rand computers. IBM and Control Data equipment are used by the government-owned Electricity Supply Commission (ESCOM) and the Iron and Steel Corporation (ISCOR), as well as the Council for Scientific and Industrial (military) Research. IBM computers service the Armaments Board and the central Johannesburg stock exchange. Honeywell's major government customers are ISCOR include SASOL, accounting for 20 percent of the company's business in South Africa.

Although American computer companies are no longer officially making sales to the South African security forces, their contributions to other aspects of the apartheid system are equally critical to its survival. Moreover, computer parts and systems sold to other government agencies or to private industry are frequently resold to the military and police establishments. To facilitate matters, the South African government has organized a cooperative network among computer sections in eight different government agencies. According to the head of the computer division at the Anglo-American Corporation,

> There is no way the United States authorities will be able to prevent this capacity from being shared by the defense and police departments.

Although they provide the South African government with important instruments for maintaining white supremacy, American computer companies are considered to be among the most promising signatories of the Sullivan Principles.

## THE ENERGY INDUSTRY

### Caltex, Mobil, and Exxon

South Africa needs oil. Completely lacking in domestic reserves, South Africa is forced to import 90 percent of its petroleum requirements. Although the country relies heavily on coal, critical sectors of the economy cannot function without oil. If South Africa's oil supply were cut off and its 18 month reserves depleted, the transportation sector would be crippled; chemicals production would cease; farm equipment would be useless; and military and police operations would grind to a halt.

Three Sullivan signatory companies--Caltex, Mobil, and Exxon--control 45 percent of the oil market in South Africa. Caltex and Mobil alone control 42 percent of the country's oil refining capacity and 40 percent of the petroleum products market. These two companies, whose combined investments amounted to more than $650 million in 1978, own more than two-fifths of all U.S. assets in South Africa.

In mid-1978, in the aftermath of the black township uprisings, Caltex completed a $135 million expansion project at its Capetown refinery. The three-year project nearly doubled the capacity of the refinery and increased South Africa's total refining capacity by 11 percent. Meanwhile, Mobil had opened a new $2.3 million lubricant re-refining plant--the second largest in South Africa. Both Mobil and Caltex are heavily involved in oil exploration, and Exxon is currently prospecting for uranium--endeavors which the South African government hopes will make the country less reliant on foreign oil and less vulnerable to international oil sanctions.

A ready supply of petroleum is considered to be a vital component of South Africa's national security apparatus. Consequently, the industry is closely regulated by the South African government. Mobil's South African attorneys advised the corporation that because

> ...oil is absolutely vital to enable the army to move, the navy to sail and the air force to fly, it is likely that a South African court would hold that it falls within ...the definition of munitions of war (emphasis added).

Under the stipulations of the National Supplies Procurement Act, oil companies cannot impose any conditions on the sale of oil. According to Standard Oil of California, a joint-owner of Caltex,

> It would be a crime under South Africa's laws were Caltex South Africa to undertake a commitment to not supply petroleum products for use by the South African military or any other branch of the South African government.

For more than a decade, the South African subsidiaries of Mobil and Caltex sold oil to the illegal minority government in Rhodesia--in defiance of United Nations sanctions. Similarly, in the event of an international oil embargo against South Africa, Mobil, Caltex, and Exxon would be obligated to supply oil to South African military and police forces. In spite of their critical and willing support for the South African military-industrial complex, Mobil, Caltex, and Exxon are considered to be model Sullivan signatories, "making good progress" in their implementation of the fair employment code.

## Fluor

The South African government began to prepare for international oil sanctions as early as 1955, when it first began experimenting with a new coal-to-oil conversion process. In 1973, following the announcement by OPEC countries that they would no longer sell oil to South Africa, the minority government began to expand its coal-to-oil conversion capability. In 1975, it began construction of a second coal-to-oil conversion plant (SASOL II) under the direction of the government-owned, South African Coal, Oil and Gas Corporation.

The California-based Fluor Corporation, one of the world's largest engineering and construction firms, was awarded major contracts on both the SASOL II plant and the SASOL II Extension, initiated in 1979.* The SASOL II Extension, which will concentrate on the production of transport fuels, is expected to provide 30 to 50 percent of South Africa's oil requirements by 1983.+ Together, the Fluor contracts are worth approximately $4.2 billion.

The Fluor Corporation's role in the SASOL II Extension is critical. Its contractual obligations include "the management and coordination of the total project, including a major portion of the engineering design, procurement, construction and a multitude of other supportive functions." It will provide South Africa with technological expertise and equipment that may cut years off its program for strategic self-sufficiency. However, as a new signatory to the Sullivan Principles, the Fluor Corporation will do little to benefit South Africa's black population. According to a recent report in

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* In 1973, all of the OPEC countries, with the exception of Iran, prohibited the sale of oil to South Africa. Iran was South Africa's major oil supplier until early 1979, when the new Iranian government joined the OPEC oil embargo. Shortly thereafter, the South African government announced its plans for a multi-billion dollar SASOL II Extension project.

+ Control Data and Honeywell are two of several other American companies involved in the SASOL II Extension project. Control Data will supply Fluor with a mainframe computer unit for its operations at the SASOL plant. Honeywell has a $13.8 million multi-year contract with SASOL to provide the plant with process control instrumentation.

Southern Africa, an estimated 4,500 black workers will be hired during the first stage of the SASOL II Extension construction. Nearly three-quarters of these workers will mine coal, one of the lowest paying, most dangerous jobs in South Africa. Compared to these minimal job opportunities, Fluor's contribution to the apartheid economy is quite substantial. As for the company's commitment to the Sullivan Principles, political and economic change are not even an issue for the Board of Directors. In a 1979 statement to Fluor stockholders, the Board stated:

> Historically, the company has always abided by the laws, regulations and social customs of the country in which it works, and the management intends for the company to continue in this manner.

## THE MILITARY APPARATUS

Although oil is critical to many sectors of the South African economy, the transport sector is almost totally dependent on oil for its energy needs. It is estimated that oil provides 79 percent of the energy requirements in the transport sector, much of which is consumed by the South African security forces. Mobil, Caltex, Exxon, and Fluor are not only bolstering South Africa's energy capabilities; they are the primary producers of oil, the lifeblood of the South African military apparatus.

### Olin

Signatories to the Sullivan Principles have supplied fuel to the South African security forces, and they have equipped them with advanced military technology and weaponry. The Olin Corporation, for example, has signed the Sullivan Principles, and its South African subsidiaries are considered to be "making acceptable progress" in their implementation. However, between 1972 and 1975, Olin violated United States law and a United Nations embargo by shipping 3,200 firearms and 20 million rounds of ammunition to South Africa. In March 1978, Olin pleaded no contest to 21 criminal charges stemming from its illegal arms transfers. Two stockholder suits have subsequently been filed against the corporation, one seeking $4.8 million in damages on the grounds that the value of Olin's stock was falsely inflated when its increased earnings were attributed to good management, when in fact, they were due to the illegal arms sales to South Africa.

In spite of its flagrant violations of U.S. law, the Olin Corporation was given kid-glove treatment by the federal government. The arms manufacturer was fined only $510,000, to be paid to local charities as "reparations" for its misdeeds. The leniency of the penalty is particularly evident when compared with the corporation's annual earnings from arms manufactures. While the $510,000 fine was intended to compensate for illegal activities that spanned a period of four years, Olin earned $300 million from arms sales worldwide in 1977 alone.

As in the case of the Space Research Corporation, Olin was given immunity from certain federal regulations. On the day of the company's conviction, the U.S. Treasury Department granted it "relief" from a federal law that would have revoked its license to manufacture and sell arms. According to an attorney in the Treasury Department's Alcohol, Tobacco and Firearms division, relief cannot be granted if continuation of the license is either "dangerous to public safety" or "contrary to the public interest." However, the attorney continued, "As far as public safety (is concerned), a corporation is just a piece of paper; it can't go out and shoot anybody." Furthermore, the company claimed, the shut-down of Olin's arms manufacturing division, which accounts for 20 percent of the corporation's total sales, would cause serious hardships for Olin's workers and stockholders. *

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* Olin's concern for ~~fair play~~ was noticeably absent in its treatment of striking workers at its New Haven, Connecticut plant in the summer of 1979. In July 1979, 1,350 Olin workers walked off their jobs in protest of a new speed-up clause that would put a large number of older and handicapped employees out of work. When the workers, represented by the International Association of Machinists, refused to comply with a back-to-work ultimatum, Olin began to hire non-union employees

It is Olin U.S.A., not its South African subsidiaries, that sold arms to the apartheid government. It was the Olin parent company that signed the Sullivan Principles, and the parent company that is responsible for monitoring them. While the U.S. firm is gun-running to South Africa, its subsidiaries contribute very little to the welfare of the black worker. According to a report prepared by the American Consulate General in Johannesburg, one of Olin's subsidiaries, a chemical manufacturing plant, employs only 14 workers. The other subsidiary is not even mentioned. Nonetheless, the Arthur D. Little Company still considers Olin to be "making acceptable progress" in its implementation of the Sullivan Principles, a code intended to bring about racial equality and justice.

Motorola

Olin, Space Research, and Control Data are but a few of the American companies that have supplied the apartheid government with strategic technology. At the same time that the Control Data scandal was unfolding in 1979, Chicago activists were meeting with the Illinois-based Motorola Corporation to discuss that company's involvement in South Africa. The Motorola executives hotly defended their South African activities, which include the manufacture and sale of automotive parts, two-way radios, and data and control systems. Motorola was not selling the South African police its best equipment, the officials said--only its second best. The most sophisticated items they reserved for the

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to replace them. Policemen in riot gear broke through the union blockade so that non-union workers could enter the factory. The Machinists accused the company of using "gestapo" strike-breaking tactics--limiting the number of pickets, tacking barbed wire on the gates, videotaping the strikers, and requiring them to register their names and wear armbands.

Chicago police--a department with one of the highest police/civilian kill ratios in the country. Motorola is another Sullivan signatory that is considered to be "making acceptable progress" in its implementation of a code that is supposed "to bring about the downfall of apartheid without violence.

## Armed Aggression Against Its Neighbors

American arms, weapons technology, and electronic equipment have been critical factors in South Africa's repression of its own people. American technical and economic assistance have enabled the apartheid government to defend its system beyond South African borders, launching continuous armed attacks into Namibia, Angola, Zambia, and Mozambique. While the minority regime attempts to mold its border states into a constellation of moderate, economically dependent nations, American corporations contribute the goods and technology that supply the South African security forces.

Since P.W. Botha became Prime Minister in September 1978, there has been a dramatic increase in South African attacks on neighboring countries. According to a United Nations Security Council report, the South African defense forces were responsible for 94 air space violations, 21 ground infiltrations, 21 border provocations, 7 artillery bombardments, 193 armed mine-laying operations, 25 attacks by ground forces, 24 aerial bombardments, and one large combined operation involving ground and air forces in Angola between March 1976 and June 1979. For three years, the South African government has given continuous economic backing and intermittant troop support to the UNITA forces in their efforts to destabilize Angola's Marxist government.

In violation of United Nations sanctions, the South African government spent $50 million a month in Rhodesia to help the rebel regime combat the Patriotic Front liberation forces. There have been numerous reports of South African pilots, technicians, and "volunteers" in Rhodesia, as well as extensive cooperation between their military and intelligence commands. In September and October 1979, South African and Rhodesian forces staged a series of "anti-guerrilla" raids into Mozambique, Zambia, and Angola, taking hundreds of civilian lives, destroying bridges, agricultural areas, and powerlines. Meanwhile, Zambia has been economically isolated, its external rail links destroyed and its vital shipments of maize cut off. Intolerant of its neighbors' support for the Zimbabwean and Namibian liberation movements, the apartheid government is using its vast military and economic might to force them into political and economic subservience.

## BANK LOANS TO SOUTH AFRICA

> Each trade agreement, each bank loan, each new investment is another brick in the wall of our continued existence.
>
> J.B. Vorster, former
> Prime Minister of South Africa

### Citicorp

South Africa's acts of foreign aggression and internal repression would not be possible without the help of international bank loans. In order to accomodate its expanding military operations and cope with mounting civil unrest, the South African government augmented its defense budget from $688 million in 1973 to more than $2 billion in 1979--an increase of nearly 300 percent. At the end of 1976, South Africa was in debt to American banks to the tune of $2.2 billion--approximately equal to the amount of foreign exchange required to cover its soaring defense expenditures and oil import bill.

Throughout the 1970's, Citicorp, the largest banking organization in America, was South Africa's top international lender. Between 1972 and 1978, the corporation participated in a consortium that made $1.6 billion in loans to the South African government and its agencies. In 1979, Citicorp reported $401 million in outstanding loans to the South African government, its agencies, and private industries in South Africa--amounting to one-quarter of the total U.S. loans outstanding to South Africa.

Citicorp loans to South African agencies have been strategically placed. The corporation has made loans worth hundreds of million of dollars to the government-owned Iron and Steel Corporation (ISCOR), which meets 72 percent of the country's iron and steel requirements; the Electricity Supply Commission (ESCOM), which is undertaking the construction of two new nuclear reactors; the government-controlled South African Broadcasting Corporation; and the Industrial Development Corporation, which is responsible for the development and expansion of South Africa's strategic industries. In the private sector, Citicorp has made extensive loans to the mining industry, the most vital sector of the South African economy.

The size and strategic placement of Citicorp loans are paralleled by the critical timing of the transactions. Major loans were made to the South African public and private sectors following the Sharpeville Massacre of 1960 and the Soweto uprisings of 1976. At a time when political instability threatened to deter foreign investors, Citicorp came to the rescue and helped pull the country through a severe economic crisis. Assured by Citicorp's generous loans that South African remained a good investment opportunity, multinational corporations again poured capital into the apartheid economy.

Since March 1978, Citicorp has made loans only to the private sector in South Africa, stating that apartheid has "a negative effect on South Africa's economic viability." However, the corporation has refused to suspend all lending to South Africa on the grounds that such action is a political, rather than an economic, decision. Thus, Citicorp continues to make trade-related loans, many of which are military or strategic in function (e.g., loans to buy "non-military" Cessna and Atlas aircraft--whose fundtion is to patrol South African borders and engage in "reconnaissance" missions over Angola). It continues to make loans to private industry, and, it has reserved the right to reinstitute loans to the South African public sector in the event that the economy reaches a new equilibrium. If the soaring price of gold brings renewed strength and growth to the apartheid economy, Citicorp may well decide that loans to the minority government are worth any incumbent risk.

Not only is Citicorp the largest U.S. lender to South Africa, it is the only American bank with subsidiaries in that country. Through its wholly-owned subsidiary, Citibank,N.A., Citicorp has operated in South Africa since 1958. With branches in Johannesburg, Capetown, and Durban, the corporation has investments in South Africa worth more than $13.1 million. Citibank,N.A. is the twelfth largest bank in South Africa.

According to South African law, all banks in South Africa must invest 15 percent of their public assets in South African government bonds. Its lending policies aside, the very presence of Citicorp in South Africa contributes to the strength of the white minority regime. In a general statement on foreign operations, Citicorp has made it clear that it does not look adversely on such close cooperation with host country governments:

> We must never lose sight of the fact that we are guests in foreign countries. We must conduct ourselves accordingly. Local governments can pass any kind of legislation, and whether we like it or not, we must conform to it.
>
> Under these circumstances, Citibank can survive only if we are successful in demonstrating to the local authorities that our presence is useful to them (emphasis added).

That Citibank,N.A. has been useful to the South African government is beyond question. Whether or not its involvement in the South African economy has been beneficial to the black population is another issue altogether.

Citibank,N.A. was one of the first signatories to the Sullivan Principles, and, according to the third compliance report, it is "making good progress" in their implementation. Although the bank is considered to be a top-category Sullivan signatory, its workforce is disproportionately white. In June 1979, 73 percent of Citibank's employees were white; 16 percent were black. None of the blacks were employed in managerial or supervisory positions, and only one bank officer--out of a total of 36--was black. Citibank's training programs focused on its 78 professional, supervisory, and management employees--71 of whom were white. Between January and June 1979, only two blacks participated in Citibank's job training programs. That Citibank has made "progress" in implementing the Sullivan employment reforms is, at best, questionable. Compared to the vital function of its parent company in sustaining the apartheid economy, Citibank's record of workplace reforms is, at most, insignificant.

## A PROGRESSIVE FORCE FOR WHITE SOUTH AFRICA

The infusion of foreign capital into the South African economy has stimulated considerable growth in the country's gross national product, increased its repressive capacities, and beefed up its war machine. Yet, these investments have had little positive impact on mounting black unemployment. Between 1970 and 1976, black unemployment in the urban areas and white rural areas grew from 6.1 percent to 10.9 percent. In the white rural areas alone, 1.7 percent of the blacks were unemployed in 1970, while 22.1 percent were unemployed in 1976. In 1978, nearly one-third of the black South African workforce was unemployed. Even these figures are overly-optimistic since there is no official record of unemployed blacks in the African homelands, where the vast majority of the people have no jobs and barely eke a living from the worn-out land. Although South Africa's GNP increased in the 1970's, black workers have received an ever-diminishing share.

The paradox of increased economic growth, coupled with a decreased need for labor, is peculiar to highly-advanced technological societies. The South African economy is characterized by capital-intensive industries that seldom contribute to, and often eliminate, job opportunities for the black majority. A prime example of such an industry is Richard's Bay Minerals, a $290 million mining and smelting operation in the KwaZulu homeland. The enterprise is partially controlled by the Quebec Iron and Titanium Company of Canada, which has a 40 percent interest in the operation. The remaining 60 percent is divided between the South African government-owned Industrial Development Corporation and the Union Corporation, a major South African mining house. Quebec Iron and Titanium is owned by two American corporations, the Kennecott Copper Company (66.5 percent) and Gulf and Western Industries (33.5 percent).

Kennecott Copper is a signatory of the Sullivan Principles, and, according to the October 1979 report, it is "making acceptable progress" in their implementation. However, Kennecott's subsidiary operations in Richard's Bay are having very little impact on the socio-economic development of the KwaZulu homeland. The homeland has a population of 2.1 million people, only 27 percent of whom are economically active in the homeland. Their earnings account for a mere 25 percent of the KwaZulu people's total income. Because the South African government has severely restricted the number, type, and location of African businesses, most of these earnings are ultimately returned to the white economy.

Although Richard's Bay Minerals will eventually provide approximately 650 jobs for blacks, the South African government estimates that 30,400 local jobs must be created each year in order to absorb the population of migratory laborers from KwaZulu. Kennecott Copper's capital-intensive investment will not begin to reverse the outflow of labor from the homeland. Moreover, very little of the operation's profits will return to the homeland government; the KwaZulu Investment Corporation will receive 10 percent of the profits as payment for exploitation of the land.

pages tightly bound

**It cannot be expected that a single corporation solve all of the problems of apartheid. However, the benefits of the corporation to black South Africa must be carefully weighed against its contribution to the apartheid system. Richard's Bay Minerals will ultimately employ 650 black workers. At the same time, its export potential is estimated to be worth $115 million per year. The generation of foreign exchange is critical to the government's ability to repay more than $9 billion in international bank loans. The development and expansion of its mining industry is a decisive factor in South Africa's program of strategic self-sufficiency. The creation of a few hundred jobs, most of which will involve unskilled mining labor, cannot counter-balance the corporation's vital support of the apartheid structure. Given the strategic nature of Kennecott's investment in the South African economy, it is difficult to consider the corporation a "progressive force" for change.**

## Chapter III

## IMPROVING UPON APARTHEID: THE SEMBLANCE OF REFORM

> Blacks see foreign investors as deliberately blind to inequities of the South African social system and indeed prepared to profit by it through low wages and submissive force it offers... Even if foreign firms offer minor reforms, it is only to create comfortable black middle class which will perpetuate exploitation of African masses...
>
> Confidential Cable from U.S.
> Ambassador William Bowdler,
> to the State Department,
> March 1977.

Reform is illusory in South Africa. Modifications in the work environment and superficial changes in trade union laws do not alter the basic structure of apartheid. The homelands policy remains intact. Migratory labor, influx control, and the pass laws continue unabated. South Africa's black millions remain disenfranchised and dispossessed, while American companies continue to reap the benefits of a "good investment climate." Workplace reforms do not alter the strategic importance of American companies to the South African economy. They do not weaken the links of corporate collaboration or soften the blows of government repression. These adjustments in apartheid simply serve to fragment the black community.

Modifications in the workplace environment are enabling a small black elite to enter South Africa's economic mainstream. Although their labor continues to be exploited, and profits are still made at their expense, these elites are tossed the crumbs of economic growth. While they are still denied citizenship and fundamental economic, political, and social rights, they have a stake in the altered system.

The division of the black population and the creation of elites within it is not a phenomenon unique to workplace reforms; the South African government has been implementing "divide and rule" policies since the formation of the Union in 1910. In order to ensure the continuation of white minority dominance in South Africa, the government has implemented a series of laws designed to prevent the black, Asian, and colored people from uniting against the white minority. Since the early part of the century, the black population has been divided into homelands and urban barracks according to tribe. In subsequent years, Asians and coloreds were separated from native blacks and confined to ghettoes in the "white" areas of the country.

Since the Asian and colored populations are not forced to live in homelands or townships, are not subject to influx control and pass laws, and are not controlled by the migratory labor system, they have been considered more privileged population groups than the native Africans. However, they are by no means first class South African citizens. Asians and coloreds are not represented in the national parliament. They cannot hold public office. They are barred from high-level skilled work and wages that are comparable to those of whites. They are denied entrance into "white" schools, residential areas, and "public" facilities. Like South Africa's 19 million blacks, Asians and coloreds are simply cogs in the wheel of the white economy.

According to Wilson Shuyenyane, director of a South African leadership exchange program, the new government-business reform program is simply another

> ...one of those tactics to create constant divisions in the black people...We are split nationally and culturally and now they want to do it economically.

Another middle class black, who works as a public relations officer in a large South African food company, said the sentiments expressed by Shuyenyane prevail in the black townships:

> The militant students hate the term "middle class" because they say it makes people forget. They see the middle class as a tool of the status quo, and they do have a point there.

The Sullivan reforms and similar government-initiated measures serve to strengthen, rather than minimize, the divisions within the non-white population. They are helping to create a class of non-whites with a vested interest in the reformed system, a stake in society that will make its members natural allies of the white-controlled political and economic structures. In the event of black rebellion or revolution, this class will help protect the interests of the white minority against the non-white majority of the population. In the face of black unrest and rising demands for economic and social change, white South Africa hopes, and American businesses believe, that workplace reforms will be enough. If the government-business coalition can divide the black population through token change and stave off revolution by patching up the old system, their gamble will have been a success.

For the United States government, the issue is not that simple. American policy has always favored any government that is a moderate stabilizing force, a regime that is anti-Soviet, willing to protect American investments, supply the U.S. with important minerals, and play Western policeman in the Southern Hemisphere. Unfortunately, such prerequisites for American friendship have placed the United States on the wrong side of the liberation struggle. The United States has become integrally tied to a racist government that is fighting the forces of black liberation and nationalism, thwarting the advent of black majority rule. As United States investments increase in South Africa and the stability of the region continues to deteriorate, American commitment to the minority regime will expand accordingly. At the same time, the pressures of world opinion will require that the government "act tough" on South Africa, threatening punitive action in response to its repressive racial policies. As a result, the United States government, like American business, has embraced the employment code, hoping that the semblance of criticism will obviate the need for more rigorous action.

The idea of patching up apartheid through employment reform is not derived from the South African experience. Similar techniques were used to smooth over the inequities of the American economic system throughout the 1960's and '70's. In 1964, the United States Congress passed the Civil Rights Act and created the

Equal Employment Opportunity Commission (EEOC) to monitor business compliance with the equal employment opportunity clause (Title VII). While the EEOC was granted the power to file suit against American companies with discriminatory employment practices, the fundamental inequities of the American economic system were left undisturbed. The commission could not alter the fact that Americans presented with "equal employment opportunities" rarely compete against the same odds, or that determinants such as race and class begin working at birth, not at age 16.

Business, meanwhile, took advantage of the reformist mood. At the height of the civil rights era, "affirmative action" hiring practices could only enhance its public image. Women and blacks were brought in to decorate the board rooms and executive suites, while control of the enterprises remained in the hands of the entrenched power structure. In actuality, the changes simply meant business as usual--the old system with a new face. The old structures of unequal accumulation, distribution, and decision-making power remained intact. The labor of many continued to make profits for the few.

American companies are quick to compare the situations in the United States and in South Africa. If the civil rights problem was licked in America, they say, the same techniques should be applied in South Africa. Take down the "Jim Crow" signs. Integrate the cafeterias and toilets. Train a few more blacks for skilled positions, and condemn the practice of racial discrimination. Once again, the corporate argument falls short. In the United States, the problem of discrimination focuses on a minority of the population; in South African, three-quarters of the population is denied equality of opportunity--solely on the basis of race. Yet, the solutions of the 1960's have not even worked in America. The inequities of American life--poverty, hunger, unemployment, and illiteracy--are still distributed largely according to race, even though the principles of equal employment opportunity are written into U.S. law. In South Africa, corporate endorsement of and compliance with the employment code is purely voluntary, and is certainly not encouraged by the South African legal system.

Corporate signatories to the Sullivan Principles insist that, although the code is voluntary, they will take it seriously. The domestic records of these firms cast doubt on their sincerity. Between 1973 and 1979, the following Sullivan signatory companies entered into court approved consent decrees with the Equal Employment Opportunity Commission for the violation of U.S. equal employment opportunity law:

Abbott Laboratories
American Cyanamid Co.
Armco Steel Corp.
Bethlehem Steel Corp.
Borden Inc.
Celanese Corp.
Crown Cork & Seal Co.
Dow Chemical Co.
FMC Corp.
Ford Motor Co.
General Electric
General Motors Corp.
Grolier Inc.
Heublein Inc.
Honeywell Inc.
IBM Corp.
International Harvester Co.
International Telephone & Telegraph
Johnson Control International Inc.
Kellogg Co.
Minnesota Mining & Manufacturing Co.
Mobil Oil Corp.
Monsanto Co.
NCR Corp.
Otis Elevator Co.
Phillips Petroleum Co.
Rockwell International Corp.
Singer Co.
Sperry Corp.
Uniroyal Inc.
Upjohn Co.
Westinghouse Electric Corp.
W.R. Grace Co.

The list does not include those signatory companies whose suits were settled out of court.

Since the passage of the U.S. Civil Rights Act in 1964, the American business community has tried to prevent the EEOC from becoming an effective enforcement agency. In a letter to Senator Richard Russell, written in 1964, Walter Carey, president of the U.S. Chamber of Commerce, stated that:

> The national chamber recommends that the powers of the Equal Employment Opportunity Commission be limited to conciliation and persuasion. We are very dubious about the value of court proceedings and orders to accomplish the hoped-for results.

In the late 1960's, members of the U.S. Chamber of Commerce and several national business associations lobbied against a bill designed to grant greater enforcement powers to the EEOC. During the summer of 1978, a dozen representatives of major Sullivan signatory companies testified before two House subcommittees in opposition to a bill that would have incorporated the terms of the U.S. Civil Rights Act into legislation regulating the practices of American subsidiaries in South Africa. The bill was never brought to a vote.

American companies have made it clear that they prefer to monitor their own employment practices, using their own yardsticks for progress. They would prefer equal employment policies to be voluntary--devoid of penalties for non-compliance. They insist that such policies would be adequate in South Africa, although in the United States, where fair employment practices are enforceable by law, the results have been far from earth-shaking. Sixteen years after the passage of the U.S. Civil Rights Act, ethnic minorities still compose the bulk of the unskilled labor force. Increases in income, job training, and advancement have been painfully slow in coming. Yet, the same American companies that have dragged their heels on domestic reform promise that they will voluntarily negotiate with black trade unions in South Africa and pay black workers equal wages for equal work. They claim that they will promote fair hiring practices, even though they were attracted to South Africa by the profits to be gained through the exploitation of black labor.

Signatory practices belie their words. There are no equal employment practices in their South African subsidiaries. Equal pay for equal work, black trade union rights, non-discriminatory hiring and promotion practices--all are virtually non-existent. As long as the issue of citizenship is side-stepped and the question of economic justice ignored, these corporations will continue to sustain the system of white minority rule. Their employment "reforms" will remain a sham--and the Sullivan Principles, a flimsy camouflage to disguise corporate collaboration with the apartheid regime.

## AFTERWARD

## A NEW STRATEGY FOR APARTHEID

In South Africa, the interests of government and business go hand-in-hand. Both need blacks who are skilled--but not too skilled, who are educated, but only enough to do their jobs. They need a black labor force that feels it has a stake in the system--too much to lose if something went wrong, but not enough to forget that they have it by privilege and not by right. They need a new class of blacks who will serve as a buffer between white interests and the impoverished millions in the townships and homelands--a small group of elites who will not protest present conditions for fear of being pushed back into the reservoir of the unemployed.

Prominent members of the South African government have been outspoken in their support of policies that would create a black buffer class. Addressing a group of Afrikaner businessmen in 1979, Minister of Cooperation and Development, Pieter Koornhof, said,[*]

> The important point is that the level of progress that could develop among blacks in a free enterprise system should be so advantageous that chaos and revolution would hold such risks that blacks would fight against it.

Simond Brand, Prime Minister Botha's top economic advisor, voiced a similar opinion:

> Blacks must be allowed to take part fully in the free enterprise system if we want them to accept it and defend it and make it their own...It is an implied intention to create a black middle class..."

The introduction of conduct codes for South African companies is part of a conscious government-business strategy to create a black buffer and to protect the apartheid economy. The Sullivan Principles were neither the first nor the last of these business codes. In 1974, the British government instituted a code of conduct for United Kingdom subsidiaries in South Africa. The U.K. code served as a model for the European Economic Community (EEC) code, adopted by the nine member nations in 1977. The Canadian government developed a similar code in 1978. In South Africa, the business community, under the auspices of the Urban Foundation and the South African Consultative Committee on Labor Affairs (SACCOLA), recommended a more general employment code, specifically stating that all reforms must occur within the "South African legal framework."

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[*] The Department of Cooperation and Development was formerly entitled, the "Department of Plural Relations," and prior to that, the "Department of Bantu Affairs."

In conjunction with the business codes, the South African government introduced its own program of reform. Following the black township uprisings of 1976, the government announced the formation of two commissions to study the conditions that precipitated the urban unrest. The work of the commissions was solidly supported by the South African business community, whose interests were seriously threatened by the growing militancy of urban blacks, and advocates of the Sullivan Principles who were hard-pressed to provide answers to their opponents' criticisms. The task of the commissions was to "get beyond Sullivan," to provide a South African solution to South African problems.

## THE WIEHAHN COMMISSION

The commission headed by Professor Nicholas Wiehahn was charged with the study of a broad range of labor laws affecting black workers, and ultimately, with making recommenations for "the adjustment of the existing system." In spite of the complementary nature of government and business efforts, Professor Wiehahn was irritated by the implementation of foreign employment codes, considering them to be unwarranted intervention into South African Affairs. In an interview with

*South African Outlook*, Wiehahn enumerated some of his criticisms of the codes:

> ...These codes, firstly, constitute gross forms of interference in an almost 'sacrosanct' relationship, i.e. between employer and employee. In a free market economy, this relationship should be left almost entirely to those two parties--the State should not interfere--least of all foreign states...Finally, the fact that they virtually compel employers to encourage Black trade unionism--the traditional rivals of employers--is contrary to a basic premise of labour science, namely that each party in the labour conflict situation should draw its growth and development from its own inner strength.

Professor Wiehahn's statement is a classic example of the convoluted thinking that characterizes South African racial reforms. The disruption of the free market economy constitutes the very essence of apartheid. The South African government has consistently interfered in the labor sphere--reserving thousands of skilled jobs for white workers, denying black workers access to training and apprenticeship programs, refusing to recognize black trade unions, restricting the right of black workers to strike, requiring the segregation of workplace facilities, and maintaining tight control over the flow of black labor into the urban environment. Under the Industrial Conciliation Act of 1924, the government even denied black workers recognition as "employees." Given the high level of government involvement in the labor relations process, its severe restrictions on black entrepreneurial and property ownership rights, and its control of strategic economic sectors through investments in giant public corporations, it is outright deception to claim that South Africa is a "free market economy."

Although Wiehahn personally called upon black workers to rely on their "own inner strength" in the face of these restrictions, the Wiehahn Commission ultimately recommended that the government recognize black trade unions. This proposal, one of the few that has actually been approved by the South African government, has been widely acclaimed as a step forward in the elimination of petty apartheid. Its purpose, however, is not greater protection for black workers, but stricter government control. The Wiehahn recommendations are designed to eliminate all political activity within the black trade union structures.

In the course of the past decade, militant black trade unions have attained a membership of nearly 70,000 workers. Many of these unions have strong links to the Black Consciousness Movement and substantial political and financial backing abroad. As long as these unions are not recognized by law, they are immune from the statutory prohibition against labor organizations engaging in political activities. Since the Unlawful Organizations Act of 1960 forbids the establishment of black political organizations per se, the decimation of the independent trade union movement would seriously weaken the base of black political activity inside South Africa. The destruction of this power base is the purpose of the Wiehahn Commission's plan.

Under the new trade union laws, registered black unions will organize, develop, and perhaps disband under the watchful eye of the South African government. The Industrial Registrar has been given broad and arbitrary powers in approving and denying trade union registration. If the union does not "serve to maintain peace and harmony within the undertaking, industry, trade or occupation, and the national interest in general," it can be denied registration. Registration can be revoked at any time, enabling the government to silence militant organizations. Union leaders are still liable to banning orders and "endorsement" back to the homelands.

According to the recommendations of the Wiehahn Commission, white trade unions will continue to dominate the workplace. They can deny workers union membership solely on the basis of race. "Closed shop" agreements between the dominant white unions and their employers will not be disturbed, effectively excluding black workers from apprenticeship programs and tens of thousands of skilled positions.

Any union that chooses to admit migrant workers will have the power to restrict the voting rights of these members; migrant workers make up one-third of the black workforce in urban areas. Moreover, trade unions that are represented on the Industrial Council can deny representation to newly-registered trade unions. As a final safeguard for continued white trade union domination, the South African government has encouraged the formation of black unions under the auspices of existing white unions. Accorded little actual power, the real purpose of the "parallel" union structure is to appease the black labor force and assuage international criticism, without diminishing white union control of the workplace.

## THE RIEKERT COMMISSION

The Riekert Commission, charged with the study of manpower utilization, was the second of the government commissions established in the aftermath of the township uprisings. In May 1979, the Riekert Commission recommended the continuation of the influx control and the pass law systems--with some minor adjustments. The Commission report stated that "controlled employment and controlled accomodation are the two pillars on which the ordering of the urbanization process and sound and orderly community development ought to rest." It recommended that employers be heavily fined for hiring blacks living in white areas without the proper passes, replacing the current system that penalizes illegal workers directly.

Acting upon the advice of the Riekert Commission, the South African government instituted a new maximum fine of $575 as a penalty for hiring an illegal worker. The result, according to Bishop Desmond Tutu, General Secretary of the South African Council of Churches, is that thousands of blacks are being fired from their jobs and "dumped like sacks of potatoes" into the homelands--where there are no jobs, no food, and only a scant supply of housing. Sheena Duncan, director of the Johannesburg Advice Office of the Black Sash, an organization that provides employment, housing, and legal advice to black urban dwellers, said the new law may be "the final straw which precipitate(s) disaster...Never in the sixteen years since this office was opened have we experienced such anger expressed by Black people or such a sense of impending catastrophe."

At the same time that it recommended increased control over blacks without urban residency rights, the Riekert Commission suggested that the government ease its restrictions on those who have the legal right to live there. As a result, the government has announced that if a black man with residency rights buys a house--a "privilege" granted in 1978--his wife can come and live with him. However, so few blacks can afford a home that a total of 30 have been purchased throughout South Africa in the year that the black home-ownership scheme has been in effect. A man cannot join the nine-year-long waiting list for rental accomodations unless his wife has a permit to live in the area--and she cannot get a permit until he has a house. Even if blacks had the financial means to take advantage of their new "rights," only a fraction of the black population would be affected. Out of nearly 19 million black people in South Africa, only 1.5 million have permanent urban residency rights.

PLUGGING THE LOOPHOLES

The Wiehahn and Riekert Commissions, unlike Leon Sullivan, were charged with changing South Africa's "laws and customs." They plugged the most obvious loopholes in the employment codes and proposed an alteration in apartheid's facade. They recommended a modification of influx control and trade union laws for eight percent of the population--and were touted as a progressive force inside South Africa. However, both Wiehahn and Riekert further proposed that the 17.5 million blacks who do not have permanent urban residency rights not be accorded such "privileged" treatment. Illegal residents of urban areas should be deprived of their jobs and homes. Unregistered trade unions--those that failed or refused to comply with government regulations--should be stripped of their power bases. The purpose of the government commissions, like that of the corporate reformers, is to lay the foundation for a new class of blacks--a slightly more privileged group who would "have something to lose if anything went wrong in South Africa."

For Wiehahn, Riekert, and Sullivan, the dismantling of apartheid has never been an issue. Rather, they are seeking to "modernize" apartheid and to construct safety valves to relieve urban pressure. Their goal is to counter the growing disenchantment of the black population and to create new structures that will assure potential investors that the underlying causes for political instability are being resolved. In the post-reform era, investment in South Africa will once again be profitable and secure.

Since the Wiehahn and Riekert Commission reports were released in May 1979, more than $720 million of new capital has flowed into South Africa. However, the charade of change has deceived no one. Prime Minister Botha has assured white South Africa that "One man, one vote is out in this country. That is, never." Black leaders have likened the government and corporate reforms to "gilding the prison" and "rearranging the deck chairs on the Titanic." Nthato Motlana, chairman of the Soweto Civic Association, has warned that, "The depth and range of anger is more widespread than before June 16"--the date of the 1976 Soweto uprising. Black South Africa knows that the programs of Wiehahn, Riekert, and Sullivan are fueling the apartheid regime. It knows that the reforms are part of the government-corporate plan to divide the black population and ensure white minority rule. It knows, too, that the reformist days are numbered. Black South Africans will not continue to suffer for adjustments in apartheid, nor forego their basic rights for improvements upon a racist system.

# APPENDIX 9

## Letter Submitted by Representative Robert J. Lagomarsino From D.B. Sole Ambassador of South Africa Concerning Unions in South Africa, Dated May 22, 1980

B 8/6/0/3
B 8/94/2/1

EMBASSY OF SOUTH AFRICA
3051 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C. 20008

22 May 1980

Mr. Ray Denison
Director
Department of Legislation
A.F.L.-C.I.O.,
815 16th Street N.W.
WASHINGTON DC 20006

Dear Mr. Denison,

I have had an opportunity of reading through your testimony on behalf of the A.F.L.-C.I.O. before the Sub-Committees on Africa and International Policy and Trade of the House of Representatives on May 22, 1980.

There are several aspects of interpretation, nuance and recommendation with which I do not agree but I shall not burden you with these. It does seem clear however, that a representative of the A.F.L.-C.I.O., testifying as an expert witness before a Congressional Sub-Committee on the aspect of the South African scene which lies within the sphere of putative knowledge of the organisation he represents, can correctly be called to task for a failure to present facts accurately.

I refer in particular to the first paragraph on page 6 of your testimony , in which you discuss the South African Government's response to the Wiehahn Commission recommendations regarding the extension of full Trade Union rights to all workers regardless of race. You suggest that this recommendation was "rejected out of hand by the Government" and that only " ... later, as a result of severe internal and external pressure, the government ... ... agreed to register black Trade Unions. " You then state :

> "But rejection of the main recommendations of the Wiehahn Commission would still make a large section of the Black work force ineligible for Union membership ".

If the A.F.L.-C.I.O. is unaware that this is a travesty of the truth it would do well to reassess its sources of information, but I am happy to have this opportunity to bring to your attention the facts about the Government's response to the Wiehahn Commission's recommendations.

The Wiehahn Commission recommended that the right of freedom of association (in the sense of membership of registered trade unions) should be extended to all South Africans irrespective of race. The South African government, in a White Paper (W.P.S - '79) issued in response to the report of the Wiehahn Commission accepted the principle of freedom of association of all regardless of race as the basis for trade union membership, but indicated that it was :

> " .... not inclined to admit without further reflection and advice on the probable impact of such a step, large numbers of temporary workers to the trade union movement at precisely a time when the industrial relations system is being subjected to heavy demands in terms of innovation and adjustment, " (as a result of liberalised legislation)

Following from this the White Paper records :

> " The Government's decision at this juncture accordingly is that all persons, irrespective of race, colour or sex, who enjoy permanent residence in South Africa and who are in fixed employment will automatically be eligible for trade union membership. As regards the criteria according to which persons will be considered to be in fixed employment, and the burden of proof in this regard, the National Manpower Commission will be requested to advise the Minister at an early stage. The National Manpower Commission will also be requested to provide guidance regarding the basis on which exemptions from these requirements can be granted as it is by no means the Government's intention to adopt a rigid approach in this regard. "

Even at this stage the government was mindful of the needs of those migrant workers and commuters who were not granted full trade union rights. The White Paper continues :

> " 6.2.3. The Government accepts the principle that persons who do not qualify for trade union membership must not for that reason be treated less favourably than persons in the same work who are in fact members of trade unions. Depending upon the Commission's further findings and perhaps also advice that might be tendered in this regard by the National Manpower Commission, the Government intends giving formal substance to this principle, either by utilising existing wage regulating machinery or by other means.

It is furthermore not the Government's intention at this stage to repeal the mechanism created by section 9 of the Black Labour Relations Regulation Act (which makes provision for representatives of Black workers to attend industrial council meetings and to participate in proceedings). In the meantime, therefore, this measure remains available as a possible way of accommodating the interests of non-union members."

The Industrial Conciliation Amendment Act (Act No 94 of 1979) accordingly extended full trade union rights to all permanent residents of South Africa, regardless of race, who were in fixed employment. In a section little noticed by foreign observers, it also extended the definitions of an "employee" (i.e. one who qualifies for full trade union rights) to "a member of any group or class" which the Minister has declared to be "employees", provided that the person in question was, in fact in employment.

The Minister subsequently utilised this power vested in him by the Act when on September 28, 1979 in Government Notice R2167 he determined that the following classes of persons were "employees" in terms of the Act as from October 1,1979 :

Any person in employment who :

" (a) is or was a South African citizen; or

(b) is a citizen of a state, the territory of which or a part of which, formerly formed part of the Republic. "

By this proclamation the right to full trade union membership was extended to those migrant workers and commuters who had not qualified for such membership under the terms of the Industrial Conciliation Amendment Act.

Pursuant to the new Act and the Minister's proclamation in terms thereof, the following 12 Unions have thusfar applied for permission to register black workers as members :

| NAMES OF UNIONS | SECTORS |
|---|---|
| S.A. Typographical Union | Printing Industry |
| Motor Industry Combined Workers Union | Motor Industry |
| S.A. Theatre and Cinema Employees Union | Cinema and Theatre Industry |
| National Certified Fishing Officers' Association | Fisheries |
| Bakery Employees Industrial Union | Baking Industry |
| Iron Moulders Society of S.A. | Engineering, local authority undertakings, Mining, Sugar Manufacturing and refining, Public Transportation |
| National Union of Leather Workers | Leather working |
| S.A. Society of Bank Officials | Banking |
| Glass Workers Union | Glassmaking |
| Textile Workers Union | Textile Industry |
| National Union of Operative Biscuit Makers and Packers of S.A. | Biscuit Making |
| Underground Officials Association of South Africa | Mining Industry |

All of these applications have been granted.

In addition, two black Unions, the African Transport Workers Union, which is active in the road passenger and freight transportation sector, and the Transvaal Radio, Television, Electronic and Allied Workers Union, which draws its membership from the electronics and related sectors, have been registered as Trade Unions in terms of the new legislation. Negotiations initiated by a number of other black Unions are presently under way.

I am sure that your failure to reflect these facts in your testimony was the result of inadequate information rather than of any intention to misrepresent the realities of the South African labor scene. I would however, be grateful if you would submit to the Chairman of the respective Sub-Committees a request for ammendment of the record in this regard. Both I and my staff are always available to you or any other member of the A.F.L.-C.I.O. who wishes to acquire information about developments in the labor field in South Africa.

Yours sincerely,

D.B.Sole

D.B.SOLE
AMBASSADOR

# APPENDIX 10

## STATEMENT MADE ON U.S. POLICY TOWARD SOUTH AFRICA BY DENNIS MUMBLE AND FATHER KUNO PAULY*

Our thesis is that corporations could more vigourously implement change than the past record shows. The penalty for failure should be divestment.

Below are described actions which we believe all corporations should be held to to show good faith. The corporations declare that they are against apartheid. The majority of employees in South Africa declare the same, yet the people do not see the corporations on the same side as they. If corporations were held legally responsible for carrying out the actions described below, then the people could identify the efforts of the corporations as genuine.

Corporate Behaviour and the South African Police

1. Whenever an employee is banned by the South African government, it is the government which should stand accused of wrongdoing, not the employee, and it is the company which should side with the employee.

Just as corporations use their influence to get tax preferences, import privileges, loan privileges, etc. in their interests, they must appeal to the government to unban the employee in the interest of winning the support of their workers. The banning often is in connexion with activity of the employee in relation to the work place. For example, recently, Mr. Thozamile Botha while employed at Ford was imprisoned in connexion with the unrest at Ford plants. I, Dennis Mumble, while a shop steward at Ford in South Africa, was also detained under the Terrorism Act because of my aggressive efforts to protect the workers against certain detrimental corporate decisions. In this country detention incommunicado is third degree torture.(See Appendix I on the detention of Mr. Mumble.)

When the government of South Africa refuses to lift the ban, the company should pay its counsel to work out a strict construction of the banning order so that th employee may be given a job to earn money again. .

Additionally, a corporation should offer compensation to the employee and his or her family for the harm suffered during detention.

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*Dennis Mumble was a shop steward at Ford plants in South Africa. He was born in Port Elizabeth, South Africa. Immediately upon returning to his country after a trip to the United States, he was imprisoned. He left South Africa, upon his release, in 1978 for exile abroad. Mr. Mumble is studying for a bachelor's degree in labour relations in New York. His current address is: 326 W. 42d St., New York, N.Y. 10006, tel: 212-279-7380.

Father Kuno Pauly, born in West Germany, is a Catholic priest who worked in various parishes in South Africa for 14 years, both in the homelands and the urban areas. He was living in a black township in King Williamstown, South Africa when he was deported. He has returned to West Germany.

> Families starve while a bread winner is being detained. The detainee suffers grave anxiety about the family. In this way of offering compensation, the corporation properly shoulders responsibility for having sustained practices which are more supportive of apartheid and oppression of blacks than supportive of the blacks. The compensation can take the form of money in adequate sums, scholarships, or study leave abroad.

2. The corporations must deny to the South African police access to employees during working hours or on the property of the corporation.

> It is common practice for the police to come to plants to demand to see an employee. The supervisor often grants time off to the employee. Corporations are far stingier with grants for time off to participate in anti-apartheid movements, as in the case of Mr. Thozamile Botha, than for time off to be interrogated by the pro-apartheid forces. The Subcommittee should find interesting the experiences which the United Automobile Workers have had in the United States with FBI interrogation of civil rights "trouble-makers".

3. When charges are brought against employees for intimidation of fellow workers, the corporation should use their good offices to have the charges dropped and offer to investigate the matter itself.

> Often the motivation behind these work-related disorders is a desire to counter the work of informers who are posted in plants and offices of corporations by the police.

4. When employees have been terminated because of work stoppage, a corporation should reinstate automatically (as Ford and General Tire agreed to do in the work stoppages this year) all employees and be prohibited from hiring replacements.

> Often corporations force employees to go through the re-admission procedure all over again and some of the "trouble-makers" are weeded out that way. Automatic re-admission would cure this problem.

Even when a corporation has done well to reinstate all employees, the South African government cancels permits of the "trouble-makers" -- permits which allow them to stay in the urban areas where the plants are located. The employee then must return to the homelands where the infant mortality rate is 80%!

The corporation must either request its counsel to apply to the government to renew the permit and compensate the employee during the waiting period, or offer special termination benefits for such an employee should the application be rejected.

5. The corporation must screen all employees in management and non-management positions for association with South African groups known particularly for their support of national socialism (akin to nazism), such as the Broederbond and the Rapportryerskorps.

> The black employees know whose hands have been stained and find them unbearable. Instead of paying heed to the Special Branch police advising against employing black "trouble-makers" who identify with the aspirations of the people, corporations should pay heed to the demand of employees for management with integrity and without a reputation for working with or fearing the police. This criterion should apply for the selection of black or white management or non-management employees.

Corporate Minimum Wage Levels for Hourly Employees and Fringe Benefits

1. Corporations should steadily narrow the differences between wage grades, steadily reduce the number of grades each year, and schedule promotion for effect every quarter as profits are scheduled.

> This is necessary to avoid what has been happening over the last decade. When some corporations began employing more blacks in large numbers, positions of blacks were downgraded and the positions of whites upgraded. Management accomplished this by simply increasing the number of grades. Approximately 80 per cent of the black work force were allocated to the lowest wage grades. Hence, a black who holds the same grade as a white did in 1971 is in fact receiving less in wages today than the white did in 1971.

2. Corporations should no longer use the Household Subsistence Level (HSL) as the baseline for a minimum wage.

> American corporations tend to add 5 to 10 per cent to the HSL to make a "good" wage. The European Economic Community has recommended since 1977 that the minimum wage should initially exceed by

50 per cent the minimum subsistence level of an employee. The HSL is calculated by the University of Port Elizabeth, and is calculated only for blacks. That University presumes to know that a black family does not need as many shoes, or as much clothing, as a white family. No one would dare to set such a standard for a white family. The black family eats meat and butter like a white family. A pound of butter costs the same for one family as for another, and ofttimes more for blacks. The white family with a deep freezer may purchase butter in bulk and thus at a cheaper price. The black family not having refrigeration must buy at the small market stalls smaller amounts of butter at any one time and end up spending more. Thus a wage based on the HSL is not a just wage. It is based on an unjust calculation of what size the "market basket" of a black family with five children should be. The market basket in reality costs at least the same for blacks as for whites.

A corporation could arrive at a more or less just wage level for blacks if it considered the needs of a white family with five children the same as those of a black family with five children.

Management in arriving at a just wage must always ask itself, where are the whites? What do they need for a decent living, educational standard,etc.? The answers to those questions must be the same as the questions about the blacks. Wages are always sources of tensions in labour/management relations. Unjust wages are a powder keg.

3. Fringe benefits for blacks should be the same as for white employees, such as in housing.

A decent wage would help the black to buy a house like that of the white. The benefits conferred on whites help them to avoid the taxes imposed on higher brackets of income. Blacks should be given the same consideration. A system of fringe benefits which would appeal to black employees should be based on the number of children an employee has.

Assistance by the corporation in easing the transportation problems of employees going between home and the work place is essential. White managers are either paid enough to buy a car or to take buses, or given the use of a company car, but the majority of black workers must rely on public buses. Corporations give the excuse that they cannot interfere in the monopoly held by the public transport company. In fact nothing would stop a company from hiring buses from city authorities for transporting employees

Already people hire them for funerals and other private occasions. The wage paid should include enough to pay the fare.

School books fees loaned or paid for by a corporation to employees for their children are meagre. It is better to pay an employee more to afford to pay the fees.

4. Corporations should create committees composed of representatives elected by the hourly black employees, management representatives, and black community leaders elected by the hourly black employees. These committees would have the decisive say in recommending fringe benefit schemes or community projects.

Such committees would improve the image of corporations and show their determination to find out what the people want and help them achieve it. Already American corporations are viewed by blacks to be co-operating with the South African government in creating a black middle-class. The South African government has clearly acknowledged that one of its aims is to create a black middle-class with more privileges, social and political (perhaps including even a limited franchise to vote), than the majority of working-class blacks. In a comparatively freer society, the creation of a black middle-class would be greeted favourably. In South Africa it would prove to be deadly. The middle-class will want to keep its privileges at the price of helping the government to control the non-privileged blacks, for fear that non-co-operation would result in a loss of privileges. Americans underestimate the cleverness of the South African government. Any policy which that government wants should be suspected instinctively.

American corporations, including Ford and General Motors, have contributed large sums of money to the Urban Foundation to "advance" the black middle-class in the vain hope that the middle-class will pressure the government to benefit the majority. Outside South Africa there seems to be little knowledge of the close co-operation between the Urban Foundation and the South African government, which initiated its founding. Blacks know that the Urban Foundation is not on their side.

American corporations should not resign themselves to thinking that the Urban Foundation is the only non-sectarian organised group to be trusted to administer the funds properly. Where were the corporate contributions to the black citizens' organisations like the Port Elizabeth People's Civic Organisation headed by Mr. Thozamile Botha? Why are not the monies

> given to the Urban Foundation used to create instead compensation funds for the leaders banned or harassed by the South African government but beloved by and effective among the workers and people? The banning, the deportation, the harassment of a person articulating the needs of the people is a badge of merit, not of criminality, comparable to what imprisonment meant for Gandhi, Nehru, Martin Luther King.

## Corporation Behaviour in the Areas of Equal Opportunity and Affirmative Action

1. Equality of opportunity is not the solution for South Africa. Corporations must have programmes of positive discrimination in order to achieve an end to apartheid.

> Such a programme is based on the recognition that there is a difference between equality and justice. Anyone wishing to act accordingly and to be effective in ending apartheid must think in terms of this image: Whites have raced around the track thirty times. The gates are opened to permit blacks to join the race. Calling this equality is fallacious. The whites must be halted for some time until blacks have completed their thirty rounds. When translated into corporate policy, this would mean that American corporations should devote all training funds totally to blacks until there is the desired level of blacks in all positions. Then the race may be opened to all.
>
> Affirmative action is not new to white South African management of American corporations. After the elections of 1948 and the declaration of the national policy of apartheid, the South African government recognised that it had a problem with "poor whites" (Afrikaners) from the hinterland. The government aggressively helped these people and fostered their economic and educational development so that they could match the level of development of the English-speaking South Africans.
>
> Equality of opportunity was not even used to advance the Afrikaner. It is an ineffective approach for two reasons. For one, as a slogan what it really means in South Africa is ideology for the many and possibility for the few. Secondly, if equality of opportunity has failed to integrate most blacks into all levels of society in the United States, how much more can one expect it to fail in South Africa where all the laws are hostile to blacks and where companies are not bound by laws regulating minimum wages or by unions with strong bargaining powers?

2. American corporations must be more creative about hiring black employees in affirmative action programmes.

> Advertisements for "qualified" blacks are shams. The number of "qualified" blacks is so small that a corporation might as well as not have advertised. Instead, corporations should advertise for "interested" people, people who have motivation, keen interest, and sound intelligence. There are many blacks in this category. Many corporate managers in the United States are surprised that there are intelligent black South Africans. They forget that the high mortality rate of 80% means that only the fittest survive! Once blacks answering to an advertisement for "interested" people have been employed, the corporation must give on-the-job training with time off to supplement the work with intellectual training. This system gets around the hurdle of the apprenticeship system which is closed to blacks and effectively keeps them out of skilled jobs and puts the burden on the American corporation to set realistic objectives for employing a given number of blacks each year in the higher wage grades. No longer will the corporation be able to fall back on the excuse that systems such as the apprenticeship system, which are beyond their control, hamper the achievement of their anti-apartheid policies.

### Corporate Behaviour and U.S. Unions Vís à Vís South African Trade (or Labour) Unions

1. All American corporations should treat all trade unions as though they were in countries where the highest standard of unionism exists.

> This means that all American corporations should reject the "liaison committee" which purports to represent the grievances of workers. Fifty per cent of this committee is management. Many corporations and American union officials have been led to believe that the liaison committee is required by South African law. It is not. It is permissible and only recommended under the industrial conciliation law.
>
> The white unions should not be regarded as any model for black unions. The white union is a toothless bulldog. Its threat of striking in protest against corporations favouring blacks is an idle threat. South African law makes it difficult even for white unions to strike. The pre-strike conciliation procedure is designed to delay a strike and exhaust strike leaders. The white unions therefore use their privileged political position to achieve what

> they desire. American corporations and unions acting in concert can counterbalance such political weight.
>
> This means that corporations should encourage employees to set up their own machinery for investigating the case for re-instatement of employees dismissed for political activity against apartheid, as unions in Europe do when a member is dismissed from work.
>
> This means that corporations should pay for private consultation with doctors when an employee doubts the findings of the company's medical department.

2. Corporations should not pressure black unions to register under the new South African law which permits black employees who are not migrants to register their unions.

> Some companies promise reorganisation of grievance procedures on condition that the blacks register. This is wrong.
> American corporations and unions have mistakenly hailed the new law. The new law is but another noose around the blacks; it is but one more law to violate. Many workers in South Africa are migrant labour from surrounding countries. They may not register with unions. The new law permits the South African government easy access to the books and affairs of the black unions. This access undoubtedly will be used to make ties with strong international, European, or American unions more difficult. The provision for multi-racial unions will mean that no black may have the opportunity to take leadership positions. The right to strike granted to black unions under the new law is meaningless. The blacks do not wish to be as toothless as the white unions.
>
> By hailing the new legislation, Americans no doubt thought that the new law would force all companies to follow the lead of some companies which had recognised black employees' organisations. The emphasis on formal recognition has been misplaced. Emphasis should rest on having representative organisations, offering scholarships to train union organisers, and giving them more time off from their work schedules for union activity. Representative unions are in the interest of corporations. One lesson to learn from the recent work stoppage at Ford and General Tire is that workers will take matters into their own hands when the unions are not adequately representing their grievances.
> Once the South African government discovers that only one or two black "unions" will have registered, it probably will repeal the new law.

3. The unions in the United States should be encouraged to adopt guidelines for aiding black unions in South Africa.

> The could pressure international unions with which they are affiliated and to which they contribute to remove from their rolls members who go to South Africa to work and thereby deny one more job to the black South Africans. Already the unemployment rate among blacks is 30 per cent.

U.S. Government Trade Policies and South Africa

1. The United States government's monitoring of trade with South Africa must be no less strict than that of trade with the Soviet Union.

> The people of South Africa who struggle against apartheid have their credibility strained when the U.S. government also declares itself against apartheid, but the handcuffs used by the Special Branch police are "Made in U.S.A."; the cars driven by the police carry an American brand name; the farm equipment on prison farms or used by the Ministry of Defence carries an American brand name; or the military missiles are made in the U.S.A.
>
> There are several ways the U.S. laws could be made more stringent to stop the flow of goods to the South African police. These are:
>
> ----Prohibition on exports to any South African government agency, whether or not connected with the police or military
>
> ----Prohibition on use of U.S. technology and know-how abroad to make any kind of goods going to the police or any South African government agency
>
> ----Requiring all South African consignees to certify that the goods or technology or know-how will not fall into the hands of the police or any government agency, rather than their merely acknowledging, as they do now, awareness of U.S. law. This rule would apply regardless of whether the good or technology in question had special properties or not or affected the national security of the U.S. or not.
>
> ----Requiring U.S. companies to conduct audits to reveal annually to the U.S. government and shareholders alike (so that the latter are not defrauded) what steps have been taken to stop

> the flow of technology and trade secrets into the hands of subsidiaries, sales agents, or dealers who sell them or the products from them to the police or any South African government agency.

2. The U.S. government should encourage the American unions to include in their negotiations with U.S. companies a promise from companies to stop the use of company products and technology by South African police and government agencies. At the very least, the U.S. government should assure the unions the right to make this a legitimate subject of negotiation.

> The American unions in turn should pressure international, Canadian, and European unions to do likewise in negotiations with foreign subsidiaires of American companies and foreign parent corporations. This would not set a new precedent. Already the American automobile union made the matter of investments in South Africa a negotiating point. The U.S. delegation to the International Labour Organisation could press for a resolution covering these points.

3. The U.S. government must stand behind the corporations and unions when they are threatened by the South African government.

> If the U.S. government fail to pass more stringent laws on trade with South Africa, yet it were to continue to expect American corporations and unions to take the lead in the fight against apartheid, it must be prepared to protect the corporations and unions. If the South African government were to threaten a boycott of products of a too "progressive" corporation or union (similar to the boycott of the 1960's against Ford products when the South African government wanted American companies to use their influence with foreign governments to lift the United Nations ban on sales of military goods to South Africa), then the U.S. government must threaten a total trade boycott against South Africa.

## Conclusion

We conclude with what we see to be the dilemma Americans and Europeans find themselves in and leave you with a way out. Many who favour the peaceful demise of apartheid often appeal to prudence. Prudence is meaningless in South Africa. It stifles creative undermining of apartheid. When you see that your brother is being held in a box and you know that he will suffocate to death there, and the government is threatening to light a match to the box if you let your brother out, of what use is a prudent decision not to disturb the box?

"Good afternoon. I am Warrant Officer Fouché of the South African Security Police. We would like you to accompany us because we have a few questions we would like to ask you." These words, by a seemingly overweight white man, ushered in an unforgettable period of mental and physical abuse at the hands of the notorious South African Security Police's Port Elizabeth division (SASP). At that stage, a myriad of imagined abuse flashed through my mind, creating a monetary despondency, fueled by the ever-present fear of imprisonment by the SASP.

That confrontation, in the Office of Personnel Administration, Ford Motor Company (South Africa), was the culmination of eight years of daring involvement in a labor movement beset by restrictions imposed by a fanatically anti-union government. Obviously pleased at the task of apprehending me, Fouche politely requested me to get into the green Volkswagen Beetle parked outside. Smiling wryly, he whispered to me, "We've got you now." I was then carted to the Baakens Street Police Station.

There, I was pushed into a cell--a dark, damp, box-like concrete structure barely able to house the Volkswagen Beetle we had used. It was early June 1978, in the heart of the South African winter. The cell, below ground level, and with temperatures below zero; had apparently been used to "soften up" other political prisoners, judging from the graffiti inscribed (indelibly) on the walls. The instructions to the warden: "Under no circumstances is he to leave the cell!" The stench was nauseating: an unclean toilet bowl; blankets that appeared never to have been washed in years; and a concrete floor that reeked as badly as the two blankets I was given.

Thus, the following day, Saturday, June 10, I refused to eat the cold maize and approximately one square inch piece of meat handed to me. By Sunday morning, the warden, suspecting I might be on a hunger strike, summoned Fouché who threatened to have me force-fed if I was on a hunger strike. Two police officers were then instructed to take me to the District Surgeon (DS), Dr. Lang, for an examination. That visit then provided the only, although just slightly, amusing moments throughout the detention period.

Dr. Lang, his reputation scarred by revelations at the inquest held to determine the cause of, and the responsibility for, the death of Steven Biko, the Black Consciousness leader, appeared even more nervous than I did. During the inquest it was discovered that Dr. Lang had incorrectly diagnosed the nature of Biko's illness by improperly--some say unprofessionally--testing the nerves on the soles of Biko's feet, causing him to fail to detect that Biko had suffered brain damage. Afetr fleetingly checking my pulse rate and heartbeat, he proceeded to the aforementioned test on my feet. After the test, he strided to his desk, returned to the examination table, cursorily examined other parts of my body, and again proceeded to do the same test on my feet. I then recalled the inquest, and tried hard to suppress a welling amusing sensation, prompted by the puzzled and worried look on his face. Yet, these moments were all too brief, and with a drooping countenance resembling a pet dog chastised by his master, he mumbled a dismissal and returned to his desk. It was time to return to the house of darkness.

During the following twenty-nine days I was denied conversation with anybody except my interrogators, had to use one blanket to sleep on, was denied any reading matter, visitors, or to leave the cell for any purpose other than for interrogation. But first, some background information on the harassment preceding my detention.

In February/March 1974 I received the first of many visits. Three agents from the infamous Bureau of State Security (BOSS) approached me while attending a weekly rugby meeting. Seeking to allay any doubts or fears I might have had, they assured me there was no cause for alarm: all they wanted to know was how and where the Young Christian Workers (YCW) raised its finances. The YCW, a workers' movement in South Africa, had then, like many other worker movements in the country, had fallen under the scrutiny of BOSS. That was also a period during which student organizations were being severely restricted in their activities.

I explained to them how our regional movement operated. Upon that reply, I was requested to go to their offices the following day--my Labor Relations Manager, without my knowledge, had already consented to give me the required time off from work. However, upon arrival at Ford House (regional headquarters of BOSS, and location of Ford, South Africa's administrative offices ), I was told I was not needed anymore.

Soon after, I was visited by Captain Daniel Siebert, and Warrant Officer McKaiser of the SASP, the FBI of South African intelligence, who wanted to know the names of certain members in the movement. I told them that I was the regional President of the YCW, responsible for answering any questions they might have. Visibly irked at my response, they threatened to detain me for my "insolence."

Around April or May 1977 I wrote a letter of protest to the International Federation of Body-Builders (IFBB) complaining about the pace at which bodybuilding was being integrated in South Africa. As secretary of the Eastern Province Body-Building Association, I was eager to see black body-builders compete internationally. They were prevented by the all-white, government-funded, South African Body-Building Union (SABBU) from doing so.

Two months later, I received a stern warning from Siebert to refrain from interference "in die wit man se besigheid," (in the white man's business). After telling me I was under surveillance, he told me to "Mooi loop, ou maat," (watch your step). This was to be expected considering my involvement as secretary of the Body-Building Association, a member of the Catholic Justice and Peace Commission, Regional President of the YCW, and a senior member of the National Union of Motor Assembly and Rubber Workers of South Africa (NUMARWSA). I discovered later that Piet Koornhof, then Minister of Sport, was Honorary Life President of SABBU and had apparently been told of my protest from the officials of either SABBU, or the IFBB. The IFBB had sent me a reply previously saying that they have requested at least one black to be included in the South African team--tokenism in its most explicit terms, and similar to the practice of the South African government. Siebert, the "tough guy" of the Port Elizabeth SASP was charged to "take care of it."

Then, after four months of silence on their part, they hastily summoned me to the SASP offices and gave me a final warning to resign from the YCW and the union, or face an unspecified period in prison. Aware of the pitfalls facing my family--I was still caring for my mother, a nervous wreck after my fatjer's death in 1976, two younger brothers, and two sisters, all still of school-going age--I decided to heed their "advice" and look for ways to get out of the union and the YCW.

I submitted my resignation to the YCW in January 1978 and decided to absent myself from three consecutive union meetings after my resignation was rejected by the executive committee who asked me to think over the matter. However, the National Secretary and President of the union persuaded me to stay after appealing to me several times. At one stage, out of sheer anxiety, I had blamed the National Secretary for my attitude, unwilling to admit--no doubt, because of fear--the real reason for my action.

Meanwhile, I was preparing for a trip to the United States. God knows how they knew, but in March 1978, Fouché called me to his office and warned me against uttering anything that might be offensive to them during my trip. This order was as tall as the cosmos itself considering the known trivialities that could be offensive to them. After informing him of my failure to get out of theunion, he threatened physical abuse if I did not get out "onmiddelik" (immediately). At that meeting he remarked that I owned a house and That I still had many payments to make. Three weeks later I received an eviction notice from the Housing Department for non-payment of rates--due only on the 1st of May 1978. Assumption: the SASP was the instigator. Fouché openly displayed his truculence at that meeting. Then, a baffling series of events unfolded.

Upon my return from the U.S. on June 1, 1978, my baggage was confiscated at Jan Smuts Airport in Johannesburg. The reason was for not declaring items purchased overseas--without even affording me the opportunity to follow the declaration procedures the other passengers were allowed to. I was allowed to go, but my bags were held back. A friendly lawyer finally fetched them after a delay of one month. But at that stage I was already in detention. Four days prior to my arrest I confided in a fellow member of my union's Executive Committee and told her that I had met Donald Woods (an exiled South African newspaper editor) in New York and that I had met many officials of the United Auto Workers in Detroit.

At an Executive Committee meeting the following day, I strenuously objected to a proposed night shift being introduced at Ford Motor Company, threatering concerted action if plans proceeded as proposed. That same person opposed my stance on the issue.

I recalled these events,when, at the first interrogation period, Fouché booted me between the legs while reading a report from an informer containing all that I had said to the person previously reffered to and what transpired at the union meeting on June 6. It tehn dawned on me who the informer was. Fouché subsequently related his intention to force a written statement out of me. But, he made it clear, not without certain condemnations of the YCW and union leadership. Thus began the arduous, finger-cramping task of drafting a statement to please them.

At first I resisted, but was handcuffed to a pipe, vertically attached to a concrete wall, with my bared back against that wall for up to three hours at a time. Furthermore, both of my hands were handcuffed to my feet, behind my back, and then I was forced to lay on the cold floor until my body broke into convulsions. That was sufficient persuasion for me to write whatever they dictated to me.

For thirteen seven-hour days I wrote a statement dictated to me by Fouche. Every single note at my home was confiscated by the SASP and Fouché then used it, giving his own interpretation of whatever it contained. With intermittant kicks, jabs and some punches to my head and body, Fouché dictated to me a series of distortions of facts in my notes. At one stage he erupted into a tantrum when I refused to write a short essay about a priest whom they wished to involve. I soon capitulated after a few punches to my head that left me with a massive lump on the head for almost two months. My estimation of the number of pages I wrote: a minimum of 250.

Except for the daily sevn hours I spent at the SASP offices (13 times), the rest of the thiry-two days, and thirty-three nights were spent in the black-walled, dimly-lit, unventilated, abnormally cold cell. The continuous laying down--forcibly done because of the tremendous cold--caused persistent violent, throbbing headaches. The darkness weakened my eyesight. Deprivation of clean drinking water and toothpaste resulted in a mouthful of ulcers. I was given water to wash myself from waist to face only five times; four times to wash only my face. But the most debilitating method they used was to awaken me every two hours at night--orders from Fouché, and something that still haunts me to this very day. I often wake up with at night with a jerk that seems almost like a severe muscular twitch.

Throughout, I was fed maize and an occasional one-inch square piece of meat. I could hardly eat the "food" because the cold had my jaws frozen stiff most of the time. I suffered total vocal chord impairment during these freezing spells.

The most welcome news of my life came on the morning of July 11, when Siebert informed me I was free to go. But no sooner had he delivered the news, when he set conditions for my release: resign from the union, the YCW, the Body-Building Association, and my job at Ford Motor Company, and sign another statement that was to be used in trial against two people--unknown to me--accused of plotting subversion against the government. The statement implicated the YCW as the primary motivational factor behind the accused's actions. At that stage I had firmly decided to flee to avoid perjury charges and in order not to be used as an instrument to destroy the union and the YCW. Nine days after my release I hitched a lift to Lesotho, walked across the border, waited for travel documents for two weeks, and left for Europe via Mozambique to join in an international campaign, launched by the International YCW in Brussels, to have other members of the YCW, arrested prior to my detention, freed. After attending a few meetings of the International Metalworkers Federation in Geneva and Helsinki, I went to my uncle in Canada for two months, then back to Geneva, and to then to the U.S. on January 5, 1979.

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